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SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Rodney Fong, Vice President
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax: 415-274-0412 Phone: 415-274-0406; Fax: 415-274-0412

AGENDA

TUESDAY, JANUARY 13, 2009

2:00 P.M. CLOSED SESSION

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL

2. APPROVAL OF MINUTES - December 9, 2008

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

GOVERNMENT
DOCUMENTS DEPT

JAN - 9 2009

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A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER.

a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1 case)(Discussion and Action):

- Macor, Inc., Cornerstone Properties II S, LLC, and Walden

MEMORANDUM FOR THE RECORD

TO : [Redacted]

FROM :

SUBJECT :

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Mission Bay I LLC v. City and County of San Francisco, Port of San Francisco, State of California, State Lands Commission, et al. (San Francisco Superior Court, Case No. CGC07-460994)

Proposed Action: Approval of conditional settlement agreement between Macor, Inc., Cornerstone Properties II S, LLC, Walden Mission Bay I LLC (collectively, "Plaintiffs"), the State of California and the City and County of San Francisco which requires the following: (1) that the parties agree, and shall enter a judgment with the Superior Court stating, that title to the disputed portion of Texas Street between 16th and 17th Streets (the "Property") is vested in Cornerstone Properties II S, LLC and Walden Mission Bay I LLC in fee simple absolute; (2) that the parties apply to the California Court of Appeal for an order vacating the Superior Court's judgment, statement of decision, order granting and denying in part motions for summary judgment/adjudication, and minutes and late tentative ruling denying Plaintiffs' motion to enforce the injunction; (3) that the parties shall use their best efforts to reach agreement on the form of joint application to the Court of Appeal, and on the settlement agreement, by 5:00 pm on January 13, 2009; (4) that the City and State of California shall receive no additional payments from Plaintiffs for the Property pursuant to the rights asserted in the settlement agreement of March 1, 2006 between the City and Macor, Inc.; (5) that the City shall retain all funds paid to the City by Macor, Inc. under the settlement agreement (approximately \$395,000); (6) that Plaintiffs shall release the City and the State of California from any liability for legal costs awarded by the Superior Court (approximately \$9,500); (6) that all parties shall each be responsible for their respective legal costs and fees; (7) that this settlement agreement shall be null and void unless the City obtains all necessary approvals, and Court of Appeal grants the joint application for vacation of the lower court's judgment, statement of decision, order granting and denying in part motions for summary judgment/adjudication, and minutes and late tentative ruling denying Plaintiffs' motion to enforce injunction; and (8) if the State Lands Commission fails to approve this settlement by its meeting of April 2009, Plaintiffs may withdraw from the agreement.

- (2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

This session is closed to any non-City/Port representative.*

- a. Property: Piers 19-23

Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate and Peter Dailey, Deputy Director, Maritime

*Foreign Trade Zone #3: Ray Lynch

Under Negotiations: _____ Price _____ Terms of Payment X Both
An executive session has been calendared to give direction to staff
regarding Port property located at Piers 19-23.

- b. Property: AB 0201, Lot 013 also known as Seawall Lot 351
(Washington Street at the Embarcadero)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning
and Development
*Negotiating Parties:
(1) Dhaval Panchal
(2) San Francisco Waterfront Partners, Simon Snellgrove

Under Negotiations: _____ Price _____ Terms of Payment X Both
The non-Port parties identified submitted proposals above on
December 19, 2008 for Seawall Lot 351 in response to a Request for
Proposals authorized by the Port Commission on July 8, 2008. In this
executive session, the Port intends to seek direction from the
Commission on matters that may affect the competitive process now
underway.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to
Government Code Section 54957.1 and San Francisco Administrative
Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session
discussions pursuant to Government Code Section 54957.1 and San
Francisco Administrative Code Section 67.12.

**6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES
DURING THE MEETING**

Please be advised that the ringing of and use of cell phones, pagers, and similar
sound-producing electronic devices are prohibited at this meeting. Please be
advised that the Chair may order the removal from the meeting room of any
person(s) responsible for the ringing or use of a cell phone, pager, or other similar
sound-producing electronic device.

7. EXECUTIVE

- A. Election of Port Commission Officers

- B. Executive Director's Report
 - Emerald Bowl Update – December 27, 2008 at AT&T Park

8. CONSENT

- A. Request authorization to Dispose of Surplus Equipment – Gantry Cranes 6 & 32 and the remains of Crane 34 at BAE Systems San Francisco Ship Repair located on Pier 68. (Resolution No. 09-01)
- B. Request approval to extend Exclusive Negotiations for One Month, with a One Month Extension Option, for a Construction Materials Recycling Center for Seawall Lot 352 with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. (Resolution No. 09-02)
- C. Accept report on the Contracting Activity Quarterly Report – Fiscal Year 2008/09; Second Quarter Period September 1, 2008 to December 31, 2008.
- D. Request authorization to issue Letter for Temporary Expanded Permissible Uses at Pier 2 for Ferry Plaza Limited Partnership, a California Limited Partnership, Lease No. L-13832. (Resolution No. 09-03)

9. PLANNING & DEVELOPMENT

- A. Informational presentation by the Department of City Planning regarding the Eastern Neighborhoods Master Plan. (Verbal Report)
- B. Informational presentation by Port Staff and Two Potential Developers for the 2/3 Acre Mixed-Use Development Opportunity at Seawall Lot 351 (Embarcadero at Washington) (includes AB 0201, Lot 013).

10. MARITIME

- A. Informational Presentation on Port Maritime Cargo and Warehouse Market Analysis.

11. REAL ESTATE

- A. Status Report of Port Month-to-Month and Holdover Property Agreements.
- B. Request approval of an Amendment to the Port's Lease Termination Policy. (Resolution No. 09-04)

12. ENGINEERING

- A. Request authorization to issue Request For Proposals (RFP) soliciting Coastal and Civil Engineering Design Services for the Mission Bay Shoreline Protection for Bayfront Park Project. (Resolution No. 09-05)

13. FINANCE AND ADMINISTRATION

- A. Request approval to award a contract for financial advisory services to Public Financial Management, Inc. for \$300,000 with a three year term, and an option to renew for an additional two years. (Resolution No. 09-06)

14. NEW BUSINESS / AGENDA SETTING

- ◆ New Business
- ◆ Agenda Setting (Targeted Commission meeting, subject to change)
 - Informational presentation regarding the status of the Port's implementation of the Recommendations from the Controller's Audit of the Port's Purchasing and Inventory Processes (February 10, 2009)
 - Informational Presentation on the Port's Annual Operating Budget for Fiscal Year 2009-10 (February 10, 2009)
 - Informational Presentation on the Port's Capital Budget for Fiscal Year 2009-10 (February 10, 2009)
 - Informational Presentation regarding the annual update to the Port's 10-Year Capital Plan (February 10, 2009)
 - Informational presentation regarding the Construction Materials Recycling Center at SWL 352 with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. (February 10, 2009)
 - Request approval to commence Blue Greenway Planning Process (February 10, 2009)
 - Request authorization to award Pier 45 drainage improvements project (February 10, 2009)
 - Request approval of Self-Operation and Maintenance of Foreign Trade Zone (February 10, 2009)
 - Request authorization to issue Request For Proposals (RFP) for a pool of as-needed Architectural/Engineering Services for a period of 3 years (February 10, 2009)
 - Request authorization to award a Professional Services Contract in an amount not to exceed \$75,000 to San Francisco State University to provide an educational program and water quality monitoring at Pier 45, Fisherman's Wharf (February 10, 2009)
 - Informational Presentation of Development Proposals for Seawall Lot 337, bounded by China Basin Channel, Third Street, Mission Rock Street and Terry Francois Boulevard, in response to the SWL 337 Development Request for Proposals (February 24, 2009)
 - Informational Presentation of Embarcadero Design Standards Study to review function of the Promenade and develop standards to improve the quality of the pedestrian environment (February 24, 2009)
 - Request authorization to award a contract for Brownfields Environmental Investigation for Pier 70 (February 24, 2009)

- Request approval of the Port's Annual Operating Budget for Fiscal Year 2009-10 (February 24, 2009)
- Request approval of the Port's Annual Capital Budget for Fiscal Year 2009-10 (February 24, 2009)
- Request approval of the Port's 10-Year Capital Plan (February 24, 2009)
- Request approval to Execute First Amendment to the Amended and Restated Exclusive Negotiation Agreement with the Exploratorium for the development of Piers 15/17 Extending the Term and Amending the Benchmarks (Site Location: The Embarcadero at Green Street) (February 24, 2009)
- Request approval of a Memorandum of Understanding between the Port and Municipal Transportation Agency (February 24, 2009)
- Request approval of lease with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. for the Construction Materials Recycling Center at SWL 352 (February 24, 2009)
- Informational presentation regarding freight rail service to the Port of San Francisco (March 10, 2009)
- Request authorization to issue Request for Proposals (RFP) for Parking Vendors for selected Northern Waterfront locations (March 10, 2009)
- Informational Presentation regarding the status of PG&E's environmental investigation at the Potrero Power Plant shoreline (Date to be determined)
- Informational Presentation regarding Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (Date to be determined)
- Request approval of a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (Date to be determined)
- Request to accept and expend Prop 1B Security Grant Funds (Date to be determined)
- Request authorization to award the Seawall Lot 351 Development Opportunity (Embarcadero at Washington) (Date to be determined)
- Request approval of Tripartite Agreement among Port, Baydelta Maritime, Inc. and the Exploratorium regarding relocation of Baydelta from Pier 15 to Pier 17 as part of the Exploratorium's Historic Rehabilitation Project at Piers 15/17, located on the Embarcadero at Green Street. (Date to be determined)

15. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the

Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

16. COMMUNICATIONS

Communications to the Port Commission from December 5, 2008 to January 8, 2009:

- From Port staff, Update on Cruise Ship Discharge Report Program
- From Toby Levine, regarding Ten Year Waterfront Land Use Plan Review
- From Fred Allardyce, copy of an article from SF Chronicle reporter John King entitled, "San Francisco Needs a Place to Gather"
- From Port staff, copy of Notice of Proposed Disposal of Surplus Equipment – Gantry Crane No. 6 & 32 at Pier 70
- From Port staff, Independent Auditor's Report and Financial Statements June 30, 2008 and 2007

17. ADJOURNMENT

JANUARY/FEBRUARY 2009

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
January 13	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
February 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
February 24	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406.

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sof@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

January 8, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique A. Moyer
Executive Director *M. Moyer*

SUBJECT: Request authorization to Dispose of Surplus Equipment - Gantry Cranes 6 & 32 and the remains of Crane 34 at BAE Systems San Francisco Ship Repair located on Pier 68

DIRECTOR'S RECOMMENDATION: Approve Resolution

Background:

In November, 1987, the Port acquired ownership of nine cranes and two floating drydocks as part of its settlement agreement with Todd Shipyards Corporation. Of the nine tower cranes, the Port allowed the tenant to dispose of two (Cranes 25 & 28) immediately upon the execution of their lease, which was effective December 17, 1987. Port records indicate that another two of these, Cranes 6 and 32, became inactive soon after the December 1987 lease execution date and have been non-operational for nearly all of the twenty-one years that the Port has owned the property.

The current Tenant, BAE Systems San Francisco Ship Repair (BAE SFSR), has identified the need to remove Cranes 6 and 32 as part of the implementation of a recently adopted crane safety plan prompted by a January 2008 accident that resulted in the loss of Wingwall Crane 34, which fell off the wingwall and onto the pontoon deck of Floating Drydock No. 2. Cranes 6 and 32 are located on wharves within the active work and berthing area of the BAE SFSR shipyard and pose a safety hazard because they are in deteriorated condition, and they contain heavy overhead components including cables and booms that could fall upon workers below. BAE SFSR has requested that the Port allow them to hire a contractor to remove Cranes 6 and 32 from their premises, as well as the remains of wingwall Crane 34 (which formerly operated on Floating Drydock No. 2), for salvage of parts, at no cost to the Port.

This Print Covers Calendar Item No. 8A

As part of the Port's Pier 70 Area Master Planning effort, Carey and Company, Historic Preservation Consultants were retained by the Port to prepare a Pier 70 National Register Historic District nomination for the Piers 68/70 and Seawall Lot 349 area. The nomination analyzed the historic significance of the entire sixty-five acre master planning site including buildings, structures, piers, wharves and slips, as well as landscape elements, vessels and cranes as a National Register Historic District. The nomination found that only three of the ten gantry cranes located on the premises (Cranes 14, 27, and 30) are considered significant and contributing resources to the eligible Pier 70 Historic District.

Of these three, Cranes 14 and 30 were acquired by the Port as part of a purchase of property from Bethlehem Steel Corporation in 1982 (Seawall Lot 349) and remain non-operational at their location in and around building Slip No. 4, which is outside of BAE SFSR's leasehold. Crane 27, one of the nine cranes acquired by the Port from Todd Shipyards in 1987, is still active, productive, and maintained by BAE SFSR in accordance with their lease terms and conditions.

Upon completion of this proposed surplus equipment disposal, a total of eight cranes will still remain within the area, including Cranes 14, 27, and 30, which are the most significant and contributing historical crane resources to the district.

Proposed Action:

Port and BAE SFSR staffs have determined that Gantry Cranes 6 and 32 are surplus, unsafe and are not required for the successful operation of a commercially competitive and sustainable shipyard. Port Staff is recommending that they be removed from the premises in order to facilitate the ongoing active maritime use of the property, and to prevent an accident from occurring should one of these cranes collapse or drop a heavy component part. Such action will eliminate potential liability on the part of the Port or BAE SFSR, and will significantly reduce the risks to safety of life for hundreds of shipyard workers employed at Pier 70. BAE SFSR will continue to manage and operate a viable ship repair facility utilizing six operable cranes within the shipyard under the existing terms of its thirty-year lease with the Port, without any change to the rent or definition of premises, or any fiscal impact to the Port.

BAE SFSR has identified a crane refurbishing company, Adams Machinery of Montgomery, Texas, that is interested in fully removing the cranes from the premises through a fully compliant process at no cost to the Port. As brokers and vendors of marine equipment, Adams Machinery is interested in recovery of the parts and not the salvage value of the steel, which is in decline in today's scrap market.

Required Approvals:

Pursuant to the Port Commission's 2004 policy regarding the Disposal of Surplus Furniture, Fixtures and Equipment (FF & E Policy), a public notice was issued on December 22, 2008 to all identified potentially interested parties known to the Port informing them of the Port's intent to allow BAE SFSR to dispose of these cranes because they are over 45 years old and may be of historic value. The Commission policy allows interested parties to respond within 60 days of the issuance of the public notice prior to Staff then submitting a report to the Commission for approval. In this case, staff is seeking

Commission approval after only 21 days as the risk to safety of life needs to be abated and the opportunity for a zero-cost disposal of the surplus cranes will only be available until the end of January.

As of this writing, the Port has received only one response as a result of the December 22, 2008 Notice to Interested Parties. This response, from Tim Kelley of the Work Place History Organization (WHO), questions the validity of the Port's determination that only three of the ten cranes are historically significant and contributors to the eligible Pier 70 Historic District. Mr. Kelley also suggests that the Port explore retention of the cranes for future exhibition on the waterfront. Staff, however, has consulted with Carey and Company regarding their determination of significance and agrees that this proposal would not result in a significant reduction in the concentration of cranes on the site — both contributing and non-contributing, either operational or non-operational — such that the integrity of the eligible historic district would be diminished. Further, staff has determined that the preservation goals of the draft Pier 70 Area Master Plan, which seek to recognize and preserve the character defining elements and National Register eligibility of the historic district while maintaining the viability of active ship repair operations, will be upheld by this proposal. Mr. Kelley has expressed no interest in exploring the potential transfer of this surplus equipment from the Port to another entity such as the Work Place History Organization, as is provided by the FF & E Policy.

Other than the review required by the Commission's FF & E Policy, no City approvals are needed to authorize BAE SFSR to remove and dispose of Cranes 6 and 32. The proposed removal of these cranes has been reviewed by the Port's Chief Harbor Engineer, determined to be exempt from Building Code requirements, and therefore does not require the issuing of a building permit (either from the City or the Port), as the cranes are rolling-stock equipment and not property fixtures.

Recommendation:

Granting authorization to BAE SFSR to solicit a contractor that will remove Cranes 6, 32, and the remains of Wingwall Crane 34 from the premises in exchange for the salvage of parts will:

- prevent a possibly fatal accident from occurring on Port property,
- reduce the risks to safety of life for shipyard employees and visitors, and
- eliminate potential liability on the part of the Port or BAE SFSR

Staff therefore requests Port Commission's authorization in accordance with the 2004 FF & E Policy to allow BAE SFSR to remove this Port property from their lease premises.

Prepared by: Gerard Roybal, Maritime Marketing Manager

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-01

- WHEREAS, The Port of San Francisco obtained ownership of Cranes 6, 32, and 34 as part of its settlement agreement with Todd Shipyards Corporation in November, 1987; and
- WHEREAS, Cranes 6 and 32, became inactive soon after the December 1987 lease execution date, and have been non-operational for nearly all of the twenty-one years that the Port has owned the property; and
- WHEREAS, BAE Systems San Francisco Ship Repair (BAE SFSR) has identified the need to remove Cranes 6, 32, and the remains of 34 as part of the implementation of a recently adopted crane safety plan prompted by a January 2008 incident that resulted in the loss of a wingwall crane; and
- WHEREAS, Port Staff has consulted with Carey and Company, Historic Preservation Consultants — a firm retained by the Port to prepare a Pier 70 National Register Historic District nomination for the Piers 68/70 and Seawall Lot 349 area — and has determined that these three cranes are not considered significant and are non-contributing to the eligible Pier 70 Historic District; and
- WHEREAS, Port and BAE SFSR staffs have determined that Cranes 6, 32, and the remains of 34 are surplus, their removal is necessary to maintain a safe, commercially competitive, and sustainable shipyard operation, and that BAE SFSR can continue to manage and operate a viable ship repair facility under the existing terms of its thirty-year lease with the Port, without any change to the rent or definition of premises or any fiscal impact to the Port; and
- WHEREAS, BAE SFSR has identified a crane refurbishing company that is interested in removing the cranes from the premises through a fully permitted process at no cost to the Port; now, therefore be it
- RESOLVED, That the Port Commission hereby grants authorization allowing BAE SFSR to remove Cranes 6, 32, and the remains of 34 from the BAE SFSR Pier 68 lease premises.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of January 13, 2009.

Secretary



MEMORANDUM

January 7, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer *MMoyer*
Executive Director

SUBJECT: Request Approval to Extend Exclusive Negotiations for One Month, with a One Month Extension Option, for a Construction Materials Recycling Center for Seawall Lot 352 with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Overview

On October 11, 2007, the Port Commission authorized Port staff to issue a request for proposals ("RFP") for a leasing opportunity for five acres of land at Pier 94, Seawall Lot 352 (SWL 352), to operate a construction materials recycling facility specializing in processing of demolition concrete and related construction materials. In addition to providing lease revenue to the Port, the project will provide a means to process and dispose of approximately 120,000 tons of material abandoned at the site by a former Port tenant ("Existing Stockpile").

On February 26, 2008, the Port Commission approved Resolution 08-14 authorizing Port staff to enter into an Exclusive Negotiation Agreement (the "ENA") with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc., a division of Norcal Waste Systems, Inc.

On December 9, 2008, the Port Commission approved Resolution 08-75 authorizing Port staff to extend the ENA with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. until January 31, 2009. This staff report requests Port Commission authorization to further extend the ENA until February 28, 2009, with an option for the Port Executive Director to extend for a period of one month, to finalize a proposed lease agreement and companion documents for Port Commission consideration.

THIS PRINT COVERS CALENDAR ITEM NO. 8B

Exclusive Negotiations

Port staff executed an ENA and a companion license to enter Port property for purposes of site investigation on August 15, 2008. The long delay in entering the ENA after Port Commission authorization occurred primarily due to negotiation about the terms of the license to enter Port property. After two extensions, that agreement expired on December 3, 2008. S.F. Recycling and Disposal paid the Port three \$5,000 payments for the right of exclusive negotiations during this period.

Since February 26, 2008, Port staff and Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. have negotiated the terms of a proposed agreement that would, if approved by the Port Commission, provide for a services contract to conduct crushing of the Existing Stockpile, a companion license effective during the period of crushing, and a proposed lease agreement for construction materials recycling center. During this period, Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. have also nearly finalized their own negotiations regarding the formation of a new jointly-owned company to run the operation, if an agreement is reached with the Port. Both parties expect to conclude negotiations within one month and be able to present the Port Commission a proposed agreement for its consideration in February 2009.

Port staff and Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. require additional time to complete the following due diligence and related steps necessary to complete the proposed agreement:

1. Finalize transaction documents including exhibits (consisting of the lease and services contract to crush the Existing Stockpile, and a related license);
2. Review the Joint Venture agreement between Raisch Products, Inc. and S.F. Recycling and Disposal, Inc.;
3. Review and approve the Operations and Business Plans;
4. Obtain and approve required insurance and a letter of credit or corporate parent guaranty;
5. Review a revised Port rental application for the joint venture;
6. Obtain LBE goal setting from the Human Rights Commission for the scope of services;
7. Ensure compliance with the California Environmental Quality Act;
8. Ensure compliance with regulations published by the California Integrated Waste Management Board; and
9. Draft a proposed amendment for Board of Supervisors consideration regarding an additional scope of work contemplated by the proposed agreement (grading and placement of the fill material generated by crushing the Existing Stockpile); and
10. Seek Purchaser approval of additional scope of work.

The Port Commission in its sole discretion may approve extensions of exclusive negotiations beyond the initial period authorized by Port Commission Resolution 08-75.

Conclusion

Port staff recommends that the Port Commission authorize Port staff to extend the ENA with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. for a period until February 28, 2009 for a fee of \$5,000, with an option for the Port Executive Director to extend for a period of one month for an additional fee of \$5,000.

When the Port and Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. reach a proposed lease agreement with the new joint venture entity, Port staff will return to the Port Commission with the proposed agreement for Port Commission review and approval.

Prepared by: Brad Benson, Special Projects Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-02

- WHEREAS, Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and
- WHEREAS, Under Charter Section B3.581(g), leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and
- WHEREAS, On November 1, 2007, the Port issued a Request for Proposals ("RFP") for a Construction Materials Recycling Center at Seawall Lot 352 (SWL 352), a copy of which is on file with the Port Commission Secretary; and
- WHEREAS, Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. submitted the highest scoring proposal among all the respondents to the RFP; and
- WHEREAS, Port staff has outlined the RFP and the subsequent review process in its February 12, 2008 staff report to the Port Commission, a copy of which is on file with the Port Commission Secretary, and based on the information and evaluation set forth therein, the Port Commission authorized Port staff to enter into an Exclusive Negotiation Agreement with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc., jointly, for a services contract to process and dispose of approximately 120,000 tons of material abandoned at the site by a former Port tenant and a subsequent lease of SWL 352 to operate a construction materials recycling center under terms substantially described in the RFP; and
- WHEREAS, Port staff entered an Exclusive Negotiation Agreement with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc., jointly, for the lease of five acres of SWL 352 under terms substantially described in the RFP on August 15, 2008, and, after two extensions, that agreement expired on December 3, 2008; and
- WHEREAS, The Port Commission, by Resolution 08-75, authorized Port staff to extend the Exclusive Negotiation Agreement between the Port and Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. regarding the services contract and subsequent lease of SWL 352 until January 31, 2009; now, therefore, be it

- RESOLVED, That the Port Commission hereby authorizes the Executive Director of the Port, or her designee, to extend the Exclusive Negotiation Agreement between the Port and Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. regarding the services contract and companion lease of SWL 352 until February 28, 2009, which agreement(s) shall be in a form approved by the City Attorney's Office, and to further extend the Exclusive Negotiation Agreement for a period of one month in the sole discretion of the Port Executive Director; and be it further
- RESOLVED, This authorization does not constitute an acceptance of the proposed terms of Raisch Products, Inc. and S.F. Recycling and Disposal, Inc., but Port staff is directed to continue negotiations for a lease agreement and related documents on terms mutually acceptable to Port and Raisch Products, Inc.; and be it further
- RESOLVED, That the project identified in the RFP is subject to review of environmental impacts pursuant to the California Environmental Quality Act ("CEQA"), depending in large part on the extent to which the proposed operation by Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. continues the current type and intensity of industrial use; and, should further environmental review be required, as determined by the San Francisco City Planning Department, Raisch Products, Inc. and S.F. Recycling and Disposal, Inc., will be responsible for assuming certain development risks and retaining any environmental consultant assistance as needed to secure CEQA review; and furthermore, the Port may impose as conditions to approval of the lease, mitigation measures to resolve environmental impacts, as may be identified in CEQA environmental review analyses.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 13, 2009.


Secretary



MEMORANDUM

January 6, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer 
Executive Director

SUBJECT: Accept Report on the Contracting Activity Quarterly Report – Fiscal Year 2008/09; 2nd Quarter Period September 1, 2008 to December 31, 2008

DIRECTOR'S RECOMMENDATION: Accept Report

BACKGROUND

The purpose of this report is to comply with legal and policy mandates for the City and County of San Francisco and Port Commission. These legal and policy requirements are primarily based upon the following:

1. "As-Needed" contracting requirements as promulgated by Section 6.64 of the San Francisco Administrative Code, Port Commission Resolution 03-50 and a Letter of Agreement with Local 21 International Federation of Professional and Technical Employees Association (IFPTE). (Effective April 2005, a \$200,000 limit was imposed via City ordinance for use of as-needed contract services per each single public works project; not including general planning or non-construction related professional services such as real estate economics as-needed contracts.)
2. Local 21 Union for the IFPTE and the City and County of San Francisco Department of Public Works requested that the Port include the following additional information in the subject quarterly reports, as it applies to the use of as-needed professional service contracts:
 - Contracting activity for the current reporting period
 - Anticipated contracting activity for the upcoming quarter
 - Estimated staffing numbers and projects related to the as-needed contract services.

This Print Covers Calendar Item No. 8C

3. San Francisco Administrative Code Section 14(b) requires all departments and contract awarding authorities to report to the Mayor on their progress in the preceding fiscal year toward the achievement of the LBE goals and their steps to ensure non-discrimination against MBEs (Minority Business Enterprises), WBEs (Women Business Enterprises) and OBEs (Local businesses other than MBE or WBE).

In the award of leases, franchises, concessions, and other contracts not subject to the discount provisions of Administrative Code Section 14(b), contract awarding authorities such as the Port shall utilize the good faith efforts steps to maximize opportunities to for LBE participation, as deemed practicable to do so. At the minimum, contract awarding authorities should notify LBEs that are certified to perform the work contemplated in a contract and solicit their interest in the contract. These good faith effort steps are described in each solicitation for a Port lease, franchise, concession and other contracts such as development agreements.

Definitions

1. *As-needed Professional Service Contracts* include professional service contracts procured on a request for qualifications basis to establish a pool of Master Agreements in which work is contracted under task orders or Contract Service Orders (CSOs), as needed to complete work required on an immediate basis that can not otherwise be performed by existing City and County of San Francisco staff. The Port has twelve as-needed contracts that have a total authorized contracting capacity of \$8,150,000.
2. *Professional Service Contracts* procured through a *formal* contracting process
 - contracts valued greater than \$29,000
3. *Professional Service Contracts* procured through an *informal* contracting process
 - contracts valued at less than \$29,000
4. *Construction Service Contracts*
 - public works/construction contract means a contract for the erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair of any public building, structure, infrastructure, bridge, road, street, park, dam, tunnel, utility or similar public facility that is performed by or for the City
4. *Information Technology Contracts*
 - acquisition of computer hardware, software, peripherals and appropriate network, consulting, maintenance, training and support services, as well as any successor contracts
5. *General Services Contracts*
 - an agreement for those services that are not professional services. Examples of "general services" include: janitorial, security guard, pest control, parking lot attendants and landscaping services

Based upon the above information, this report is divided into two sections to cover each of the legally mandated reporting requirements consisting of: 1) Administrative Code Section 6.64 – As-Needed Contracting Activity; and 2) Administrative Code Section 14(b) - All other Contracting Activity.

SUMMARY

Local Business Enterprise Participation

According to staff from the Human Rights Commission (HRC) the 20% LBE participation goal that the Port has been operating under for the past three years remains unchanged.

While the Port has exceeded its cumulative overall LBE subcontracting goal of 20% on all as-needed contracts, new contracts overall fell short with LBE participation at 16%. Although the Brannan Street Wharf Project contract award in excess of \$1.5 million included 24% LBE participation, the San Francisco Conservation Corps (SFCC) contract in the amount of \$800,000 did not include an LBE participation goal because HRC waived the LBE participation goal for that contract. However, the SFCC contract did include a subcontract with Larkin Street another local non-profit organization at 20%. Both organizations are San Francisco based non-profit organizations that provide services specifically supporting the San Francisco community.

The following table summarizes the Port's new Contracting Activity for the 2nd Quarter of Fiscal Year 2008/09.

Type of Contract	Amount Awarded	D/LBE Amount	D/LBE %
As-Needed Professional Services	\$0	\$0	0%
General Services (Contracts Only)	\$0	\$0	0%
Formal Professional Services	\$2,339,956	\$379,209	16.2%
Informal Professional Services	\$ 19,800	0	0
Construction Services	\$0	\$0	0%
Information Technology (General Services)*	\$0	\$0	0%
Totals	\$2,359,756	\$379,209	16.0%

*Issued through the Computer Store and Office of Contract Administration IT contracts.

The following table summarizes the Port's As-Needed Contracting Activity (Contract Service Orders) by Master Agreement discipline of professional services for the 2nd Quarter FY 2008/09.

Type of As-Needed Professional Services Contract	Amount Awarded	D/LBE Amount	D/LBE %
Architectural & Engineering	\$251,672	\$43,605	17.32%
Environmental	\$228,939	\$61,137	26.7%
Real Estate Economics	\$ 99,962	\$24,960	24.97%
Construction Support Services	\$0	\$0	0%
Totals	\$583,573	\$129,702	22.23%

It is important to note that all of the Architectural & Engineering as well as the Environmental contracts expire June 30, 2009. Staff will propose to the Port Commission that: (1) an RFP for Architectural and Engineering contracts be issued in Spring 2009; and (2) the Environmental contracts be extended for an additional one year.

\$200,000 As-Needed Contracting Authorization

During this quarter, no as-needed contract services exceeded the approved \$200,000 threshold.

Other Contracting Activity

In addition to the above contracting activity, the Port has been engaged in number of leasing evaluations, renewals, and new leases. The Real Estate Division reports that all leases are conducted on a first come, first serve basis. There is no tracking by ethnicity, gender nor location of corporate headquarters for the tenants granted leases on Port property. However, the majority of the lease transactions are with local small businesses. The HRC is being asked to review tenant improvement projects for applicability to the local business enterprise program.

Development contracting transactions are highly specialized and market driven by the private investment entities pursuing such projects on Port property. In all instances, the Port includes the following statement:

"V. OTHER PROJECT REQUIREMENTS

A. Equal Opportunity

*The Port Commission encourages the participation of disadvantaged local business enterprises in this RFP opportunity. The selected Respondent will be encouraged to consult with the City's Human Rights Commission to determine appropriate methods for promoting participation by disadvantaged business enterprises in this opportunity. The City's list of certified Local Business Enterprises may be accessed through the following URL:
(http://sfgov.org/site/uploadedfiles/sfhumanrights/directory/vlist_1.htm)."*

CONCLUSION

Additional details on the Port's contracting activities (including upcoming contracting activities) are included in the discussion portion of this report. Port staff request acceptance of this informational report with comments and further direction to staff as deemed appropriate.

DISCUSSION DETAIL

Based upon the background and summary information provided, the remainder of this report is divided into two sections to cover each of the legally mandated reporting requirements consisting of report details covering: 1) Administrative Code Section 6.64 – As-Needed Contracting Activity; and 2) Administrative Code Section 14(b) - All other Contracting Activity.

PART I. As-Needed Professional Services Contracting Activity Administrative Code Section 6.64

This as-needed contracting activity report covers the 2nd Quarter (September 1, 2008 through December 31, 2008) period for Fiscal Year 2008/09. No as-needed construction-related professional service Contract Service Order exceeded the \$200,000 Administrative Code limit for a public works project during this quarter. The detailed achievement (dollars and percentages) for each of the twelve as-needed consultant contracts is included in Exhibits 1, 2, 3 and 4 to this report.

Master Agreements (Exhibit 1)

It is important to note that all of the Architectural & Engineering, as well as the Environmental (Master Agreements) contracts expire June 30, 2009. At its February 14, 2006 meeting, the Port Commission authorized each of the aforementioned Environmental contracts which total four, be awarded for three years, with the Port reserving the option to renew for one additional year beyond the third year. Likewise, at its April 11, 2006 meeting, the Port Commission authorized each of the aforementioned Architectural and Engineering contracts which total two, be awarded for three years, with the Port reserving the option to renew for one additional year beyond the third year.

Port staff anticipates exercising the option to extend the above contracts during the upcoming quarter. Due care will be undertaken to assure that only new work commencing prior to the original Master Agreement expiration will be included under the expiring contract and all work will be completed within the one year option extension period. In the meantime, Port staff further anticipates presenting a Request to Advertise an As-needed Engineering RFP sometime in Spring 2009.

2nd Quarter Activity –September 1, 2008 through December 31, 2008

Construction-related Professional Services Contracts (Engineering, Environmental & Construction Support Services) are used primarily by the Engineering Division. The Non-Construction-related Professional Services Contracts (Real Estate Economics and Related Consulting Services) are used primarily by the Planning Division.

During this quarterly reporting period, the Port did not meet the 20% subcontracting goal for Architectural & Engineering Professional Services, but included 17.32% LBE participation on all Contract Service Orders (CSOs) issued. This decline was due to dredging and homeland security services that did not include subcontract work. However, the 20% subcontracting goal for the Environmental Master Agreement contracts was exceeded with LBE participation at 26.7%. Likewise, the Real Estate Economics Master Agreement contracts exceeded the 20% goal as well at 24.97%. Overall, the Port exceeded the 20% subcontracting goal with LBE participation at 22.23%.

Exhibits 3 and 4 illustrate the trend analysis of LBE subconsulting participation on a percentage basis for each quarter since the subject as-needed contracts were approved. Exhibit 3 illustrates that cumulatively, the Port is still exceeding the 20% subcontracting goal at 21.78% participation from July 1, 2006 through December 31, 2008. As indicated in Exhibit 4, the percentage LBE participation varies from quarter to quarter.

Anticipated As-Needed Contracting Activity for the Upcoming Quarter (January 1, 2009 – March 30, 2009)

Description of Work	Estimated Dollar Amount	Project
Secure Army Corps and RWQCB permits and regulatory analysis	\$ 80,000	Brannan Street Wharf – Permitting Support
Pier 45 (on-going project) modification	\$ 25,853	Pier 45 Drainage Improvements Project
Specialized analytical services for Pier 45 SF Rocks contract	\$ 15,000	Fisherman Wharf WQ Lab Support
To modify Fact Sheets and additional content based on stakeholder feedback	\$ 40,000	Stormwater Design Guidelines Amendments
To Perform Compliance audits at 47 Port Industrial Permit Facilities	\$75,000	Stormwater Facility Audits
TOTAL ESTIMATED AMOUNT	\$235,853	

Anticipated As-Needed Professional Contract – Real Estate and Related Services

Description of Work	Estimated Dollar Amount	Project
Architectural/structural engineer and cost estimating	\$ 15,000	Pier 79 Building 113 Stabilization Approach and Cost Estimate
Engineering services	\$ 150,000	Pier 70 Infrastructure Planning and Cost Estimating
Economic/financial consulting	\$ 25,000	Pier 70 Financial Assistance – Tax Credits
Public relations/community outreach	\$ 15,000	Blue Greenway Planning
Landscape Graphics/Graphic Designer	\$ 20,000	Blue Greenway Planning
TOTAL ESTIMATED AMOUNT	\$225,000	

Staffing Numbers

PORT OF SAN FRANCISCO

Staffing Activity for Fiscal Year 07/08

2nd Quarter, 10/1/08 – 12/31/08

Class/Title	Activities
1053 IS Business Analyst - Senior	Temporary vacancy due to maternity leave; filled by temporary exempt effective 10/10/08.
9376 Market Research Specialist	New position for FY 08/09- position filled from a PBT (Position-Based Testing) eligible list effective 11/17/08.

PART II. All Other Contracting Activity
San Francisco Administrative Code Section 14(b)

This section of the report covers the Port Commission's request to expand reporting of contracting activity to include all Port contracts. This section of the report also addresses the new San Francisco Administrative Code Section 14(b) requirement to report activities to assure nondiscrimination in contracting to MBEs, WBEs and OBEs.

The San Francisco Human Rights Commission (HRC) has determined that the Port's contracting activities and the prime contractors/consultants have made a good faith effort to comply with the City and County of San Francisco Local Business Enterprise program.

Port Contracting Activity (Non As-Needed Contracts) 2nd Quarter FY 2008/09

Formal Professional Service Contracts					
Contract Date	Contractor Name	Contract Amount	LBE Amount	LBE %	Project Description
11/1/08	S.F. Conservation Corps	\$ 800,000	0	0	Environmental Maintenance of Port Facilities.
12/4/08	Winzler & Kelly/Structus JV	\$1,539,956	\$379,209	24.3%	Brannan Street Wharf
TOTAL		\$2,339,956	\$379,209	16.2%	
Informal Professional Service Contracts					
12/17/08	URS Americas	\$9,800	0	0	Emergency Training; (Performance Period Contract Extension Only)
10/6/08	Carmen Clark Consulting	\$10,000	0	0	Executive Coaching
TOTAL		\$19,800	0	0	

UPCOMING QUARTER PROJECTED CONTRACTING ACTIVITY

Anticipated Formal Professional Services

Description of Work	Estimated Dollar Amount	Project
Provide engineering and construction support RFP	\$1,000,000	Pier 43 ½ Detailed Engineering
Post-construction water quality monitoring	\$ 75,000	Pier 45 SF Rocks
Provide engineering and construction support RFP	\$ 300,000	Mission Bay Shoreline Protection for Bayfront Park
Financial Advisory Services Contract	\$ 300,000	Finance
Engineering Services RFP	\$4,500,000	Portwide As-Needed Support
Brownfields Site Investigation Contract	\$ 600,000	Pier 70
TOTAL ESTIMATED AMOUNT	\$6,775,000	

Anticipated Construction Services Contract

Description of Work	Estimated Dollar Amount	Project
Reinforce concrete, carpentry, plumbing, and electrical work to provide ADA modification	\$ 400,000	401 Terry Francois Blvd ADA Modifications
Provide services to route stormwater and sewer lines to connect to the City Main	\$1,600,000	Pier 45 Drainage Improvements
Fix an elevator out-of-service	\$ 90,000	10 Lombard Elevator Repair
TOTAL ESTIMATED AMOUNT	\$ 2,090,000	

Anticipated Information Technology Contract

Description of Work	Estimated Dollar Amount	Project
Implementation of Avantis replacement CMMS	\$ 997,500	CMMS (Avantis Repl.) - Implementation
TOTAL ESTIMATED AMOUNT	\$ 997,500	

Anticipated Elevator, Escalator, Security and Fire Protection Systems Public Works

Description of Work	Estimated Dollar Amount	Project
Extend existing fire alarm system to monitor Pier 35 in its entirety	\$200,000	Pier 35 Fire Alarm Upgrades
Electrical work to extend existing circuits in Pier 1 to provide power during an emergency	\$ 62,500	Pier 1 Emergency Power Lighting Upgrade
Provide fire suppression in the computer server room	\$ 41,000	Pier 1 Server Room Fire Suppression
Access and recommend repairs for scope of work to fix an elevator out-of-service	\$ 8,000	10 Lombard Elevator Repair
Elevator & Escalator Maintenance RFQ	\$150,000	Portwide
TOTAL ESTIMATED AMOUNT	\$461,500	

Steps to Assure Non-Discrimination against MBEs, WBEs and OBEs

To assure that MBEs, WBEs and OBEs are not discriminated against in Port contracting opportunities, the Port has implemented the following standard procedures:

- Request information from the San Francisco Human Rights Commission as to the availability of MBEs, WBEs and OBEs certified as offering services required on Port projects. Such information includes availability statistics in percentages for MBEs, WBEs and OBEs. In addition, the Port has requested the MS Excel database of such certified firms to assure inclusion as project opportunities become available.
- Availability statistics in percentages are included in advertising for all formally procured contracts.
- Outreach through Minority, Women and Local media
- Direct mailing, faxing and e-mailing of procurement opportunity notices

- Identifying set-aside opportunities exclusively for Micro-LBE firms
- Working with Port staff to eliminate barriers to MBEs, WBEs and OBEs gaining access to Port contracting opportunities. Such barriers include qualifications based upon prior knowledge/experience on the project or past work with existing consultants.
- Hold prime consultants accountable for actions that impede the success of MBE, WBE and OBE firm's success on contracts such as the withholding of essential information required to perform subcontracted work by notifying the San Francisco Human Rights Commission to perform investigations, when deemed appropriate.

To improve the procurement process and efforts to increase LBE participation, in addition to regular meetings with Port operation divisions; establish regular bi-weekly meetings with HRC representative(s) and the Port Contract Manager to review Port procurements including RFPs, contracts, CSO modifications and etc.

RECOMMENDATION

The attached report is submitted to meet the requirements stated in the report Background. In closing, staff requests the Port Commission's acceptance of this report.

Prepared by: Norma Nelson, Contract Administrator
For: Tina Olson, Director of Finance & Administration

cc: Clerk, Board of Supervisors
Local 21, IFPTE Representative Ging Louie
Department of Public Works, James Chia
Human Rights Commission, Selormey Dzikunu

Exhibits:

- 1) As-Needed Master Agreement Contract Status Report as of December 31, 2008
- 2) FY 2008/09 2nd Quarter Contract Service Orders Awarded
- 3) Cumulative* and FY 2008-09 2nd Qtr (September 1, 2008 – December 31, 2008): Contract Service Orders Awarded and DBE Participation
- 4) Cumulative DBE Participation Quarterly Trend Illustration

*Cumulative is based upon from the contract inception period July 2006 (Beginning) to current reporting period (Ending).

EXHIBIT 1: As-Needed Master Agreement Summary Status Report (As of December 31, 2008)

Consultant Name	Abbrev.	Master Agreement Expiration Date	Title of Master Agreement	NTE Contract Amount	CSO Issued to Date	Contract Balance
Creegan & D'Angelo	CD	6/30/2009	Architectural & Engineering As-Needed Contract	\$ 1,500,000	\$ 1,295,942.61	\$ 204,057.39
Tom Eliot Fisch/Winzler & Kelly	TW	6/30/2009	Architectural & Engineering As-Needed Contract	\$ 1,500,000	\$ 983,274.38	\$ 516,725.62
Treadwell & Rollo/Hydroconsult	TH	6/30/2009	Environmental As-Needed Contract	\$ 650,000	\$ 491,574.38	\$ 158,425.62
Weiss Associates	WA	6/30/2009	Environmental As-Needed Contract	\$ 650,000	\$ 499,123.53	\$ 150,876.47
URS/Avila	URS	6/30/2009	Environmental As-Needed Contract	\$ 650,000	\$ 375,778.72	\$ 274,221.28
Bay Area Economics	BAE	12/31/2010	Real Estate As-Needed Contract	\$ 550,000	\$ 251,574.87	\$ 298,425.13
CBRE Consulting	CBRE	12/31/2010	Real Estate As-Needed Contract	\$ 550,000	\$ 307,269.93	\$ 242,730.07
Economic Planning Systems	EPS	12/31/2010	Real Estate As-Needed Contract	\$ 550,000	\$ 499,834.00	\$ 50,166.00
Keyser Marston Associates	KMA	12/31/2010	Real Estate As-Needed Contract	\$ 550,000	\$ 123,385.00	\$ 426,615.00
BDI/ECS	EB	12/31/2010	Construction As-Needed Original Contract	\$ 500,000	\$ 125,192.40	\$ 374,807.60
Maritime Construction Coalition	MC2	12/31/2010	Construction As-Needed Original Contract	\$ 500,000	\$ 62,865.00	\$ 437,135.00
TOTAL				\$ 8,150,000	\$5,015,814.82	\$3,134,185.18

EXHIBIT 2: FY 08-09 2nd QTR (October 1, 2008 - December 31, 2008): Total Contract Service Orders Awarded

Consultant	CSO #	CSO Date	Description	CSO Amount	DBE Amount	DBE %
Creegan + D'Angelo	CD-17	10/02/08	Wharf J9 Retaining Wall and Deck Project Mod #1	\$ 19,457.86	\$ 11,345.98	58.31%
Keyser Marston	KMA-02	12/16/08	SWL 351 Development Evaluation	\$ 99,962.00	\$ 24,960.00	24.97%
Tom Eliot/Winzler K	TW-10	10/22/08	Structural Assessment of Port Mooring Mod #4	\$ 10,401.52	\$ -	0.00%
Tom Eliot/Winzler K	TW-16	10/27/08	Berth 35 Dredging Inspection Services 2008	\$ 29,812.06	\$ -	0.00%
Tom Eliot/Winzler K	TW-17	11/14/08	Pier 43 1/2 Promenade Conceptual Design	\$ 195,000.00	\$ 32,259.00	16.54%
Treadwell Rollo/Hyd	TH-05	10/09/08	Pier 98 Heron's Head Park	\$ 17,924.00	\$ 3,767.00	21.02%
Treadwell Rollo/Hyd	TH-06	11/05/08	Pier 45 Drainage Improvements - Maher Study	\$ 25,551.06	\$ 2,840.00	11.11%
URS/Avila	URS-04	10/15/08	Port Wide CCTV System Development	\$ 48,517.67	\$ -	0.00%
URS/Avila	URS-05	10/03/08	Port Wide ACS System Development	\$ 44,597.04	\$ -	0.00%
URS/Avila	URS-06	10/22/08	Storm Water Pollution Control	\$ 40,642.53	\$ 19,448.00	47.85%
Weiss Associates	WA-06	11/13/08	Wharf J10 & J11 - Turbidity Curtain and Oil Boom	\$ 51,707.00	\$ 35,082.00	67.85%
TOTAL				\$ 583,572.74	\$ 129,701.98	22.23%

EXHIBIT 3: FY 2008-09 2nd QUARTER (October 1, 2008 - December 31, 2008)

Total Summary for As-Needed Contracts by Quarter (Combined)

Consultant	Beginning FY Cumulative*			Previous Qtr (1 st Qtr 08-09)			FY 08-09 2 nd Quarter			Ending Cumulative to Date		
	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %
Creegan & D'Angelo	\$1,276,485	\$291,176	22.81%	\$ 46,961	\$ 8,707	18.54%	\$ 19,458	\$ 11,346	58.31%	\$1,295,943	\$ 302,522	23.34%
TEF/Winzler Kelly JV	\$ 748,061	\$129,816	17.35%	\$270,101	\$ 52,900	19.59%	\$235,214	\$ 32,259	13.71%	\$ 983,274	\$ 162,075	16.48%
Treadwell/HydroCon	\$ 448,099	\$ 99,149	22.13%	\$ -	\$ -	0.00%	\$ 43,475	\$ 6,607	15.20%	\$ 491,574	\$ 105,756	21.51%
Weiss Associates	\$ 447,417	\$129,732	29.00%	\$121,633	\$22,893	18.82%	\$ 51,707	\$ 35,082	67.85%	\$ 499,124	\$ 164,814	33.02%
URS/Avila JV	\$ 242,021	\$ 52,537	21.71%	\$ -	\$ -	0.00%	\$133,757	\$ 19,448	14.54%	\$ 375,779	\$ 71,985	19.16%
Bay Area Economics	\$ 251,575	\$ 16,920	6.73%	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 251,575	\$ 16,920	6.73%
CBRE Consulting	\$ 307,270	\$ 98,542	32.07%	\$ 75,245	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 307,270	\$ 98,542	32.07%
Economic Planning Sys.	\$ 499,834	\$117,079	23.42%	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 499,834	\$ 117,079	23.42%
Keyser Marston Assoc.	\$ 23,423	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 99,962	\$ 24,960	24.97%	\$ 123,385	\$ 24,960	20.23%
BDI/ECS JV	\$ 125,192	\$ 2,000	1.60%	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 125,192	\$ 2,000	1.60%
MCC2 JV	\$ 62,865	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 62,865	\$ -	0.00%
TOTAL	\$4,432,242	\$936,951	21.14%	\$513,941	\$84,500	16.44%	\$583,573	\$129,702	22.23%	\$5,015,815	\$1,066,653	21.27%

Total Summary for Construction-related Professional Services Only

Consultant	Beginning FY Cumulative*			Previous Qtr (1 st Qtr 08-09)			FY 08-09 2 nd Quarter			Ending Cumulative to Date		
	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %
Creegan & D'Angelo	\$1,276,485	\$291,176	22.81%	\$ 46,961	\$ 8,707	18.54%	\$ 19,458	\$ 11,346	58.31%	\$1,295,943	\$ 302,522	23.34%
TEF/Winzler Kelly JV	\$ 748,061	\$129,816	17.35%	\$270,101	\$ 52,900	19.59%	\$235,214	\$ 32,259	13.71%	\$ 983,274	\$ 162,075	16.48%
Treadwell/HydroC JV	\$ 448,099	\$ 99,149	22.13%	\$ -	\$ -	0.00%	\$ 43,475	\$ 6,607	15.20%	\$ 491,574	\$ 105,756	21.51%
Weiss Associates	\$ 447,417	\$129,732	29.00%	\$121,633	\$22,893	18.82%	\$ 51,707	\$ 35,082	67.85%	\$ 499,124	\$ 164,814	33.02%
URS/Avila JV	\$ 242,021	\$ 52,537	21.71%	\$ -	\$ -	0.00%	\$133,757	\$ 19,448	14.54%	\$ 375,779	\$ 71,985	19.16%
BDI/ECS JV	\$ 125,192	\$ 2,000	1.60%	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 125,192	\$ 2,000	1.60%
MCC2 JV	\$ 62,865	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 62,865	\$ -	0.00%
TOTAL	\$3,350,140	\$704,410	21.03%	\$438,696	\$84,500	19.26%	\$483,611	\$104,742	21.66%	\$3,833,751	\$ 809,152	21.11%

Total Summary for Non-Construction-related Professional Services Only

Consultant	Beginning FY Cumulative*			Previous Qtr (1 st Qtr 08-09)			FY 08-09 2 nd Quarter			Ending Cumulative to Date		
	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %
Bay Area Economics	\$ 251,575	\$ 16,920	6.73%	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 251,575	\$ 16,920	6.73%
CBRE Consulting	\$ 307,270	\$ 98,542	32.07%	\$ 75,245	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 307,270	\$ 98,542	32.07%
Economic Planning Sys.	\$ 499,834	\$117,079	23.42%	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 499,834	\$ 117,079	23.42%
Keyser Marston Assoc.	\$ 23,423	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 99,962	\$ 24,960	24.97%	\$ 123,385	\$ 24,960	20.23%
TOTAL	\$1,082,102	\$232,541	21.49%	\$ 75,245	\$ -	0.00%	\$ 99,962	\$ 24,960	24.97%	\$1,182,064	\$ 257,501	21.78%

Cumulative of all DBE Awarded YTD

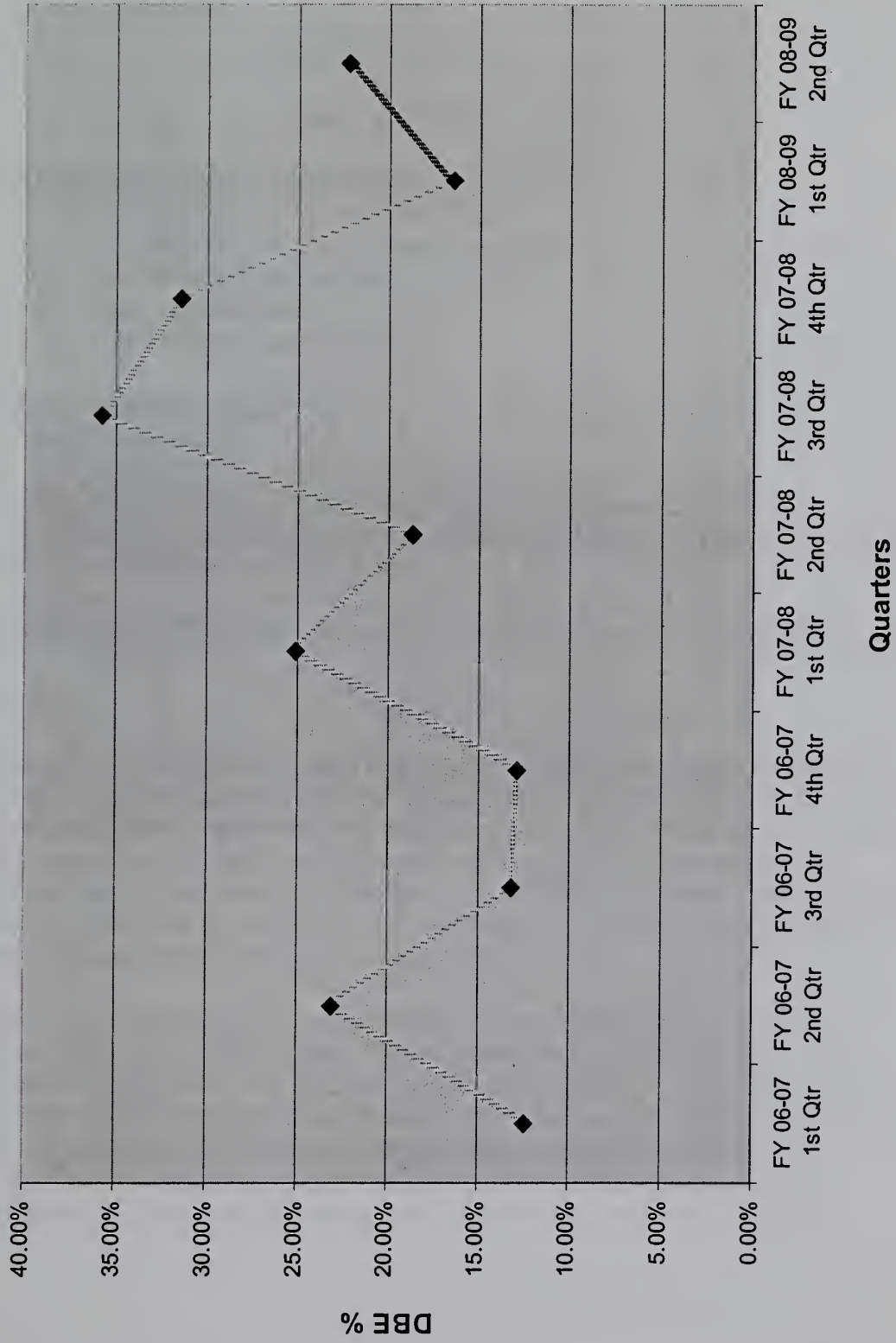


EXHIBIT 4 – SUMMARY OF COMMULATIVE AS-NEEDED CONTRACTING ACTIVITY AS OF 12/31/08



MEMORANDUM

January 7, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney A. Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request Authorization to Issue Letter for Temporary Expanded Permissible Uses for Ferry Plaza Limited Partnership, a California Limited Partnership, Lease No. L-13832

DIRECTOR'S RECOMMENDATION: Authorize Executive Director to Issue Letter

INTRODUCTION

In February 2008, the Port released a structural conditions assessment regarding Pier ½ and determined the substructure would not likely remain functional beyond the fall of 2008 when the wave action of winter storms exert their maximum effect and would likely render the pier unsafe for occupancy. Upon notification of the pier's condition, the Port's tenant of the pier, Ferry Building Investors, LLC ("FBI"), submitted a letter on July 3, 2008 terminating their use of Pier ½ and thereby closing a centrally located and important parking resource for the Ferry Building Area.

With regard to finding permanent parking solutions for the Ferry Building area, Port Commission Resolution No. 08-78, approved on December 9, 2008, identified pre-implementation planning for the next phase of the Downtown Ferry Terminal Project. This planning effort will address a number of ongoing needs for the area including visitor parking and transportation including long-term land use strategies for Pier ½ and transportation and service areas. An express goal of this concentrated effort will address parking needs of the Ferry Building and the Ferry Plaza farmer's market.

This Print Covers Calendar Item No. 8D

In the near-term, heightened by the recent economic downturn and with the approach of the important holiday shopping period, Port staff initiated contact with FBI to discuss immediate parking alternatives to attract retail customers to the many Ferry Building businesses and the highly successful Ferry Plaza farmer's market. After several weeks of meetings, staff and FBI determined the most likely near-term solution was to provide a comprehensive valet parking program. As such, on December 3, 2008, FBI, through their parking vendor Ace Parking Management, Inc. ("Ace") commenced a valet parking program on a trial basis.

TRIAL VALET PARKING PROGRAM

Based on parking data gathered by Ace and analyzed at weekly progress meetings, the program has been successful at providing convenient and affordable parking alternatives for the Ferry Building's many patrons. With the exception of Saturdays, Ace has generally been able to accommodate Ferry Building patrons by utilizing nearby parking spaces on the northbound Embarcadero curb and on the remaining marginal wharf at Pier ½.

PROPOSAL FOR ADDITIONAL VALET PARKING RESOURCES

Utilizing the parking areas mentioned above creatively and professionally, Ace has forged a valet program that by and large meets the needs of the Ferry Building with the significant exception of Saturdays when the popular Ferry Plaza farmer's market overwhelms available parking resources. To that end, staff has been approached by the tenant of the building in the Ferry Plaza (the former World Trade Club premises), Ferry Plaza Limited Partnership ("FPLP"), with a proposal to expand, on a temporary basis, the permissible uses under its Lease No. L-13832 (see attached map of this 3,563 sq. ft. area). This lease currently allows parking on Pier 2 near Sinbad's restaurant for approximately twenty vehicles and is restricted to the patrons of the now closed World Trade Club and successor restaurant users.

FPLP's proposal would expand the list of patrons allowed to park at the L-13832 premises to patrons of the Ferry Building's retail businesses through March 31, 2009 or earlier should the premises be needed when the former World Trade Club premises are reactivated. To accomplish this expanded use, FPLP proposes entering into a parking agreement with the Ferry Building's parking vendor, Ace. Ace in turn would utilize the premises of L-13832 to enhance their ongoing valet parking program. This additional area, when combined with the parking resources discussed above, would help to address the increased parking demand currently experienced during the Saturday Ferry Plaza farmer's market.

REVIEW OF PROPOSAL

Staff has reviewed FPLP's proposal. Under Lease No. L-13832 uses other than those described above (parking for World Trade Club patrons only) requires the Port Commission's written consent. In recognition of the immediate parking needs of the Ferry Building retail merchants and in response to FPLP's proposal, staff notes the following items for Port Commission review and consideration:

1. The temporary expansion of permissible uses proposed under Lease No. L-13832 should be reviewed in recognition of FPLP's need to maintain control of this parking resource to effectively market Lease No. L-8627 for the building which has been vacant for many months following the closure of the World Trade Club.
2. FPLP's proposal to enter into a parking agreement with the Ferry Building's parking vendor should be for the sole purpose of providing valet parking service in support of the retail businesses in the Ferry Building and the Ferry Plaza farmer's market.
3. FPLP must continue to indemnify the Port for the expanded uses pursuant to the terms of the lease. All other terms of Lease No. L-13832 will continue to apply to the expanded uses.
4. The temporary expansion of permissible uses authorized by the Port must be revocable by the Port at any time with 30 calendar day's prior written notice.
5. From the commencement date of the temporary expansion of permissible uses through March 31, 2009, FPLP shall collect detailed sales revenue from the Ferry Building parking vendor. The Port shall analyze this data to help determine if the Ferry Building valet parking program is benefiting from the expanded use of the FPLP premises and if so, whether such benefit warrants continuing the expanded use beyond March 31, 2009. The collected data would also allow staff to determine whether an increase in Base Rent is warranted for the continued use beyond March 31, 2009. Any extension shall not extend beyond January 31, 2010.
6. Port's approval will terminate upon 30 calendar day's written notice from FPLP that it has reactivated the former World Trade Club premises with a new use pursuant to Lease No. L-8627.

RECOMMENDATION

Staff recommends authorizing the Port Executive Director to issue a letter allowing the temporary expansion of permissible uses under Lease No. L-13832 on the terms identified above. A copy of the proposed letter is attached to this staff report as Exhibit A. Staff further recommends authorizing the Executive Director to extend the temporary expansion of permissible uses beyond March 31, 2009 but not beyond January 31, 2010. Any extension so granted by the Executive Director shall be at fair market rate as determined by Port in its sole discretion.

Prepared by: Phil Williamson, Project Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-03

- WHEREAS, Section 4.114 of the Charter of the City and County of San Francisco empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and
- WHEREAS, Under Charter Section 4.114, leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and
- WHEREAS, The Port received a proposal from Ferry Plaza Limited Partners, a California limited partnership ("FPLP"), to expand on a temporary basis the permissible uses of their Lease No. L-13832 at Pier 2; and
- WHEREAS, Port staff has reviewed FPLP's proposal and, with specific conditions described in the staff report for this item, finds it provides a needed additional parking resource for the Ferry Building area; now, therefore, be it
- RESOLVED, That the Port Commission hereby authorizes the Executive Director of the Port, or her designee, to issue a letter to FPLP in substantially the same form as the letter attached to the staff report allowing additional permissible uses under Lease No. L-13832 to include parking for patrons of the retail businesses located in the Ferry Building and the Ferry Plaza farmer's market through March 31, 2009; and be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director of the Port, or her designee, to extend the temporary expansion of permissible uses beyond March 31, 2009 but not beyond January 31, 2010 with any extension so granted by the Executive Director at fair market rate as determined by Port in its sole discretion.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 13, 2009.

Secretary

FERRY
PLAZA

GATE
E

EDGE OF
DECK

FACE OF
BUILDING

SINBAD'S

65.7'

44.9'

CAPITAL PROJECT
AREA

OPEN
LAGOON


AGRICULTURE
BUILDING

PARKING AREA LEASE
AREA = 3,563 SQ. FT.

THE EMBARCADERO

EXHIBIT A

INITIALS: PORT: _____ TENANT: _____ DATE: _____

LEASE NO. 13832	 SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT PARKING AREA LEASE FOR FERRY PLAZA LIMITED PARTNERSHIPS	DRAWN BY: AMN	DATE: 20 MAY 2005
			CHECKED BY: N. DEMPSEY	SCALE: 1" = 60'
PLACE CODE NO. 1020-00			SHEET NO. 1 OF 1 SHEETS	

DATE: 20 MAY 2005
SCALE: 1" = 60'



Draft

BY HAND DELIVERY

January 8, 2009

Mr. Steven Tom
Ferry Plaza Limited Partnership
Ferry Plaza
San Francisco, CA 94111

Re: Lease No. L-13832

Dear Mr. Tom:

In recognition of the immediate parking needs of the Ferry Building retail merchants and in response to your recent proposal, this letter authorizes the temporary expansion of permissible uses under Lease No. L-13832, ("Lease") dated as of September 1, 2005 by and between the San Francisco Port Commission ("Port") and Ferry Plaza Limited Partnership, a California limited partnership ("FPLP") for parking space at Pier 2.

Section 8.1 of the Lease currently states in its entirety:

"1.8 Permitted Use (Section 8.1):

Parking for customers of Tenant's or Tenant's subtenant's restaurant and/or club operated pursuant to Port Lease No. L-8627 dated December 1, 1974 and for no other use without the Port Commission's written consent which consent may be withheld or denied in Port's sole discretion."

FPLP proposes expanding the permissible Lease uses to include the valet parking of vehicles visiting retail establishments at the Ferry Building. To accomplish this expanded use, FPLP proposes entering into a parking agreement with the Ferry Building's parking vendor, Ace Parking Management, Inc.

In recognition of the unique factors at this location including similarity of the proposed use to the existing permissible use, increased local parking demand following the closure of Pier ½ and the temporary availability of the space due to the current vacancy at the World Trade Club site, please accept this letter as Port's conditional approval of your proposal. The Port's approval is limited by the following conditions:

1. Formal approval must first be obtained from the Port Commission as evidenced by Resolution. By signing below, FPLP acknowledges that the final decision of whether or not to allow the continued expanded uses is solely in the Port Commission's discretion.
2. The temporary expansion of permissible uses under Lease No. L-13832 is approved in recognition of Port's desire that FPLP effectively market Lease No. L-8627 which has been vacant for many months following the closure of the World Trade Club.
3. FPLP shall use the premises for the sole purpose of providing valet parking service for those vehicles visiting the retail customers of the Ferry Building and to provide an additional valet parking resource for patrons of the Ferry Plaza Farmer's Market and for no other purpose.



4. FPLP shall continue to indemnify the Port pursuant to the terms of the Lease and comply with all other Lease terms.
5. The temporary expansion of permissible uses authorized by this letter may be revoked by the Port at any time with 30 calendar day's prior written notice.
6. Port's approval of the temporary expansion of permissible uses will terminate upon 30 calendar day's notice from FPLP that it has reactivated the former World Trade Club premises
7. From the commencement date of the temporary expansion of permissible uses through March 31, 2009, FPLP shall collect detailed sales revenue from the Ferry Building parking vendor and remit it to the Port. The Port shall analyze this data to determine whether to allow the expanded uses to continue beyond March 31, 2009 and if so, whether an increase in Base Rent will be required.

If FPLP is in agreement with the above-stated conditions, please counter sign below and return this letter to Jonathan Stern, Assistant Deputy Director, Planning and Development. Jonathan can be reached at 415-274-0545 if you have any questions.

Sincerely,

Monique Moyer
Executive Director

AGREED:

By:

Its

cc: Port Commissioners (through Port Commission Secretary)
Jonathan Stern, PSF
Elliott Riley, PSF
Harout Hagopian, Ferry Building Investors, LLC
Rona Sandler, Deputy City Attorney



MEMORANDUM

January 8, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director *M Moyer*

SUBJECT: Informational Presentation by Port Staff and Two Potential Developers for the 2/3 Acre Mixed Use Development Opportunity at Seawall Lot 351 (Embarcadero at Washington) (includes AB 0201, Lot 013)

DIRECTOR'S RECOMMENDATION: Information Only - No Action Required

On December 19, 2008, the Port of San Francisco received two development proposals for Seawall Lot 351 (SWL 351) in response to the Request for Proposals (RFP) issued for the site on November 10, 2008. This informational presentation introduces these developers and potential projects to the Port Commission. This memorandum discusses the background on the RFP, provides an overview of the proposals received, and describes the upcoming process for policy making regarding SWL 351. No action is requested at this time.

Background

SWL 351 is a nearly triangular site with a 358-foot frontage along The Embarcadero Roadway with a mere 26-foot frontage on Washington Street. This site was identified in the Waterfront Land Use Plan as a mixed use development opportunity site.

On July 9, 2008, the Port Commission authorized issuing a RFP for SWL 351 following a series of informational hearings and public outreach. This authorization included approving development criteria for the site and minimum business terms for the RFP. An RFP was issued on August 13, 2008; one proposal was received by the due date of October 30, 2008. The RFP was reissued on November 10, 2008 with a deadline of December 19, 2008. Two proposals were received on that date from San Francisco Waterfront Partners II (SFWP) and Dhaval Panchal.

This Print Covers Calendar Item No. 9B

The development opportunity was advertised widely. Advertisements were placed in the following media: San Francisco Chronicle, San Francisco Examiner, Asian Week, San Francisco Business Times, China Press, Sing Tao, El Reportero, Bay Area Reporter, and Bay Times. Over 2,000 postcards advertising the development project were mailed to potential developers using a variety of outreach lists. The Port noticed its various email lists with approximately 300 developers, architects and community members and emailed to national hotel industry contacts. As a public parking facility is a key aspect of the RFP requirements, notice of the development opportunity was mailed to over 100 parties on the Department of Parking and Traffic's interest list for parking operators and developers. This opportunity received press coverage in the San Francisco Business Times, the San Francisco Chronicle, and the San Francisco Examiner, the City Star and local real estate industry focused websites. Several services that track development opportunities on a national basis included this opportunity in their reporting to subscribers. In total, 216 parties downloaded one of the two RFPs or attended one of the two pre-bid meetings.

Port staff has performed a preliminary review of the submittals and extracted the main points and concepts from each. As the two proposed transaction structures differ significantly and the business terms have not yet been analyzed, this overview does not include the proposed rent or other economic participation by the Port. This information does not reflect staff analysis or judgment regarding the proposals. Port staff also conducted a preliminary responsiveness screening of the submittals and is working to clarify outstanding questions with each developer prior to the full technical evaluation by a panel. Later staff reports will present the business terms proposed and the results of the technical evaluation. Additional information is posted on the Port's website, www.sfport.com/swl351.

Summary of RFP Requirements

The RFP invited proposals for a long term ground lease of SWL 351. Key terms include:

- Land Use – Uses required include restaurant/retail and 90 public parking spaces. Encouraged uses are hotel, office, residential, and recreation.
- Public Trust Consistency – Office, residential and private recreation uses are encouraged as land uses, with the recognition that a developer proposing these uses would need to propose a means to address the Public Trust restrictions.
- Height – The design objectives are intended to express the community's strong concerns about view corridors and neighborhood context without requiring a specific height to avoid overly constraining proposals.
- Reconnecting the City with the Waterfront – The objectives provide direction on pedestrian connections, ground floor character, and the relationship to The Embarcadero, adjacent land-side open spaces, the Ferry Building, and pier bulkhead buildings.
- Minimum Rent – \$500,000 per year at project stabilization.
- "As-Is" Lease – all capital and operating costs to be borne by the developer.

The RFP provided direction on the design and development program objectives to encourage proposals that address the complex set of policy goals the Port faces in the Ferry Building area.

Overview of Dhaval Panchal Proposal

Developer	An experienced group of hotel and restaurant operators led by Dhaval Panchal and including Ram Dhnv Management LLC, Hotel Le Nain LLC, Haresh Panchal, and Subhash Patel. This team has developed the following projects: Hampton Inn and Suites, Downtown San Jose (80 rooms), Comfort Inn, San Jose (45 rooms), development of 12 unit single family home tract in Gilroy and a 16 unit single family home tract in South San Francisco. Members of the development team own and operate at least 12 hotels. Other members of the project team, including architects, have yet to be determined.
Project Proposed	A 203 room first class, full service hotel with 25,654 square feet of retail space and a 14,943 square foot restaurant. Project includes 117 parking spaces with one level subterranean and one level at grade. A five star restaurant is proposed for the top floor level of the hotel. Retail space is on the second floor of the project.
Management Plan	The developer would operate the hotel once constructed and would secure tenants for the restaurant and retail spaces.
Transaction	66 year ground lease of SWL 351 with base ground rent and participation rent based on gross sales.

Overview of San Francisco Waterfront Partners II Proposal

Developer	A partnership between Pacific Waterfront Partners, LLC (PWP) and the California State Teachers Retirement System (CalSTRS). PWP's principals were the managing partners in the following projects: Piers 1½, 3, & 5, The Watermark, Embarcadero Center, the Pan Pacific (now JW Marriot) Hotel, and Marina Square (Singapore). Skidmore, Owings and Merrill are the architects on the SFWP team.
Project Proposed	<p>An 8 story condominium building of 84" in height and containing approximately 70-85 residential condominiums as well as ground floor restaurants and retail spaces on the southern portion of SWL 351. A 48' wide portion of SWL 351 will be opened up as part of a new public open space, the Jackson Street Commons. The portion of SWL 351 north of the Jackson Street right-of-way has a one story health club building with roof top pools.</p> <p>Portions of the two buildings will extend onto land not owned by the Port by combining SWL 351 with the adjacent 2.5 acre Golden Gateway Tennis and Swim Club site that SFWP has an option to</p>

purchase. An additional residential condominium building, underground residential parking, a rebuilt tennis and swim club with 4 outdoor courts and 12,000 square feet of fitness center, and public open space are proposed for this privately owned site. An underground public parking garage with 90 to 250 parking spaces available for waterfront visitors is proposed under the combined site. A variant of the developer's proposal includes an additional restaurant facing a newly created park. Both park areas and this restaurant would become Port owned properties.

Management Plan The residential condominiums would be sold. The developer (or future transferee) would secure tenants for the retail and restaurant portions of the project. The developer or future transferee would own the private recreation club. The developer would operate the public parking garage and would be responsible for all operating costs of the site including the parks and public access areas.

Transaction Complex land swap where portions of SWL 351 would be exchanged for portions of the current Golden Gateway Tennis and Swim Club site. The land exchanged into the Public Trust and the remaining portions of SWL 351 would be owned by the Port and would provide public serving open space or visitor serving commercial uses.

In addition to the land swap, ownership of the public parking garage would be conveyed to the Port subject to a 66 year ground lease to SFWP. The Port would participate in the revenue stream from public parking. In the proposed variant structure, ownership of the additional 4,000 to 5,000 square foot restaurant would be conveyed to the Port subject to a ground lease to SFWP.

Additional Public Outreach and Next Steps

The development proposals will be reviewed and discussed by the Northeast Waterfront Advisory Group (NEWAG) on February 4, 2009. This discussion will allow development teams and community stakeholders to have a direct exchange regarding the proposed projects. The Port is also seeking public comment on the development proposals through its website and other outreach.

Port staff is evaluating the proposals using the evaluation procedure and criteria included in the RFP. The submittals will be reviewed and evaluated by an evaluation panel consisting of individuals with experience in real estate economics, land use planning and architecture/urban design, with assistance from Port staff and independent consultants. The RFP included specific evaluation criteria with the following weighting:

- Developer Team Experience, Qualifications, and Financial Capability *(30 Points)*
- Proposed Development Design and Program *(35 Points)*
- Proposed Financial Terms *(35 Points)*

The results of the panel evaluation and a summary of the public comment received will be presented to the Port Commission at either the February 24, or March 10, 2009 Port Commission meetings along with recommendations for next steps regarding this development opportunity. Port staff anticipate seeking action by the Port Commission in March 2009 with respect to the SWL 351 development opportunity.

Prepared by: Kathleen Diohep
Project Manager

For: Jonathan Stern
Assistant Deputy Director
Waterfront Development

Byron Rhett, Deputy Director
Planning and Development

Attachments

Executive Summaries provided by developer of each project.

EXECUTIVE SUMMARY
Dhaval Panchel Seawall Lot 351 Development Proposal to
Port of San Francisco
December 19, 2008

INTRODUCTION

We are an experienced group of hotelier and restaurant operators. Our group is proposing to build an elegant upscale full service hotel that is worthy of being located on the embarcadero. Our goal is not only to please the Port of San Francisco, but also to please the surrounding community. We will develop a project that the Port Commission and the City and County of San Francisco will be proud of. This will not be an easy project due to the size constraints of the lot and the great deal of obstacles to overcome, but with the right people and vision this project is manageable. Our overall plan is to operate the hotel, lease out the restaurant and parking to a 3rd party. The purpose of leasing out the restaurant is to bring in a high end well known world renowned chef to the location. We will lease out the parking to an established company in San Francisco whose expertise is parking lots. We think that this structure will bring the highest revenues to the proposed project.

LAND USE PROGRAM PROPOSED

We are anticipating that we will be able to construct a hotel with 203 rooms, 117 parking spaces, 25,654.00 square feet of retail space, and a 14,943.00 square feet restaurant and bar space.

DEVELOPMENT ENTITY:

The developmental entity will be formed immediately if the Port selects our group as the qualified respondents. The developmental entity will be a newly formed California Limited Liability Company. The principal business of the LLC will be to construct and operate an elegant and charming full service hotel and restaurant oasis in San Francisco. The Principal Members of the LLC will be but not limited to:

1. Ram Dhnv Management LLC dba Hampton Inn and Suites San Jose
2. Hotel Le Nain LLC
3. Haresh Panchal
4. Dhaval Panchal
5. Subhash Patel

ROLE OF EACH TEAM MEMBER

The key members of the LLC will be Dhaval Panchal, Haresh Panchal, and Subhash Patel. All others members will have only a financial position with the LLC.

Haresh Panchal/Subhash Patel:

In charge construction and development of the Hotel.

Dhaval Panchal, Esq.:

Construction and development of the Hotel. Once the hotel's construction is complete he will be In charge of all day to day operations and management of Hotel as well as managing the tenant of the restaurant. This includes acting as the in house attorney as well.

Dhaval will also be in charge of construction design, interior/exterior design and layout of the entire hotel/restaurant.

CONSULTANTS:

Due to the size and nature of this project we have not selected the prospective consultants. We have hired some preliminary consultants to plot the layout and design of the proposed project. If we are selected we have a list of professions we have used in the past that are qualified candidates for this project.

DEVELOPER QUALIFICATIONS:

Between Haresh, Dhaval, and Subhash Patel we own and operated the following properties:

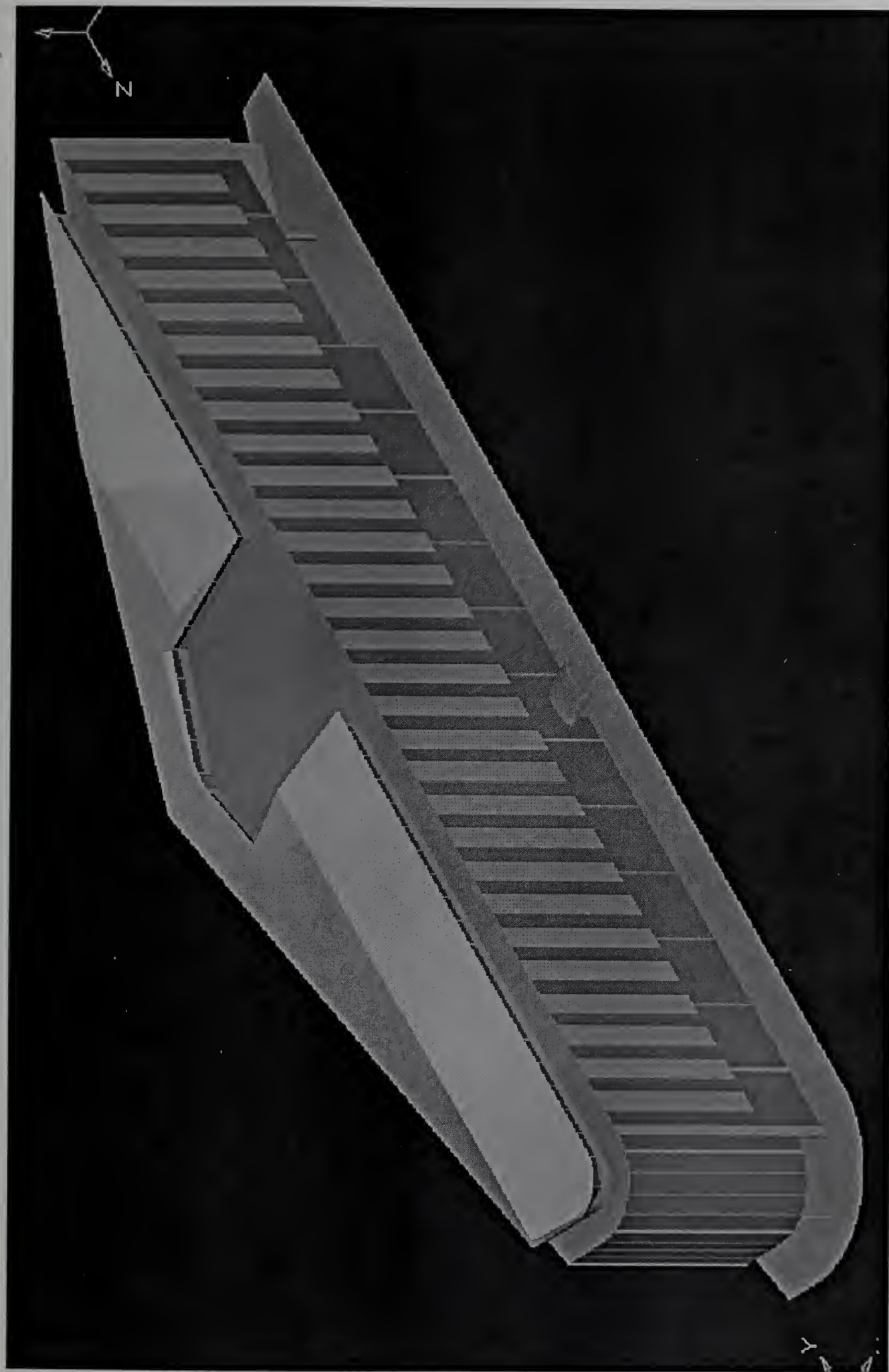
1. Ram Dhnv Management LLC dba Hampton Inn and Suites, San Jose CA
www.hamptoninnsj.com. 80 units
Constructed from the ground up Opened 2001
2. Surya Management LLC dba Comfort Inn , San Jose CA
www.comfortinnsanjose.com 45 units
Constructed from the ground up in 2004
3. Hollister Inn Inc. dba Best Western San Benito Inn, Hollister CA
www.bestwesternhollister.com 42 Units
4. Park Inn – Milpitas CA
www.milpitasinn.com 55 Units
Constructed from the ground up opened 1986

5. Holliday Motel LLC, Holiday Motel – 25 Units
Morgan Hill CA
6. Valley Inn – Watsonville CA,
www.watsonvilleinn.com 23 Units
Constructed from the ground up opened in 1992
7. Casa Linda Motel LLC – currently 35 Unit
San Jose, CA
Estimated to break ground 2010 for 150 Unit full Service Hotel
8. Hotel Le Nain LLC – 92 Units
San Francisco CA
Residential Hotel
Leased Out to Department of Public Health City and County of San Francisco.
9. Motel 6 – 69 Unit
Orland, CA
Under Construction
Estimate Opening mid 2009
10. The Pier Point Inn – 80 Units Full Service Hotel
www.pierpontinn.com
Ventura CA,
11. Best Western Skyline Motor Lodge – 45 Unit
www.bestwesternoregon.com/hotels/best-western-skyline-motor-lodge
12. Fremont Inn- 32 Units
www.fremontinnlakeview.com
Lake View Oregon.
Full service Hotel with restaurant and bar

Other Projects Outside of Hotels

2005- Developed 13 Single Family Homes in Gilroy CA
Riverbend Development Inc.

2006- Developed 16 Single Family Homes in South San Francisco CA –
www.thestonegateestates.com

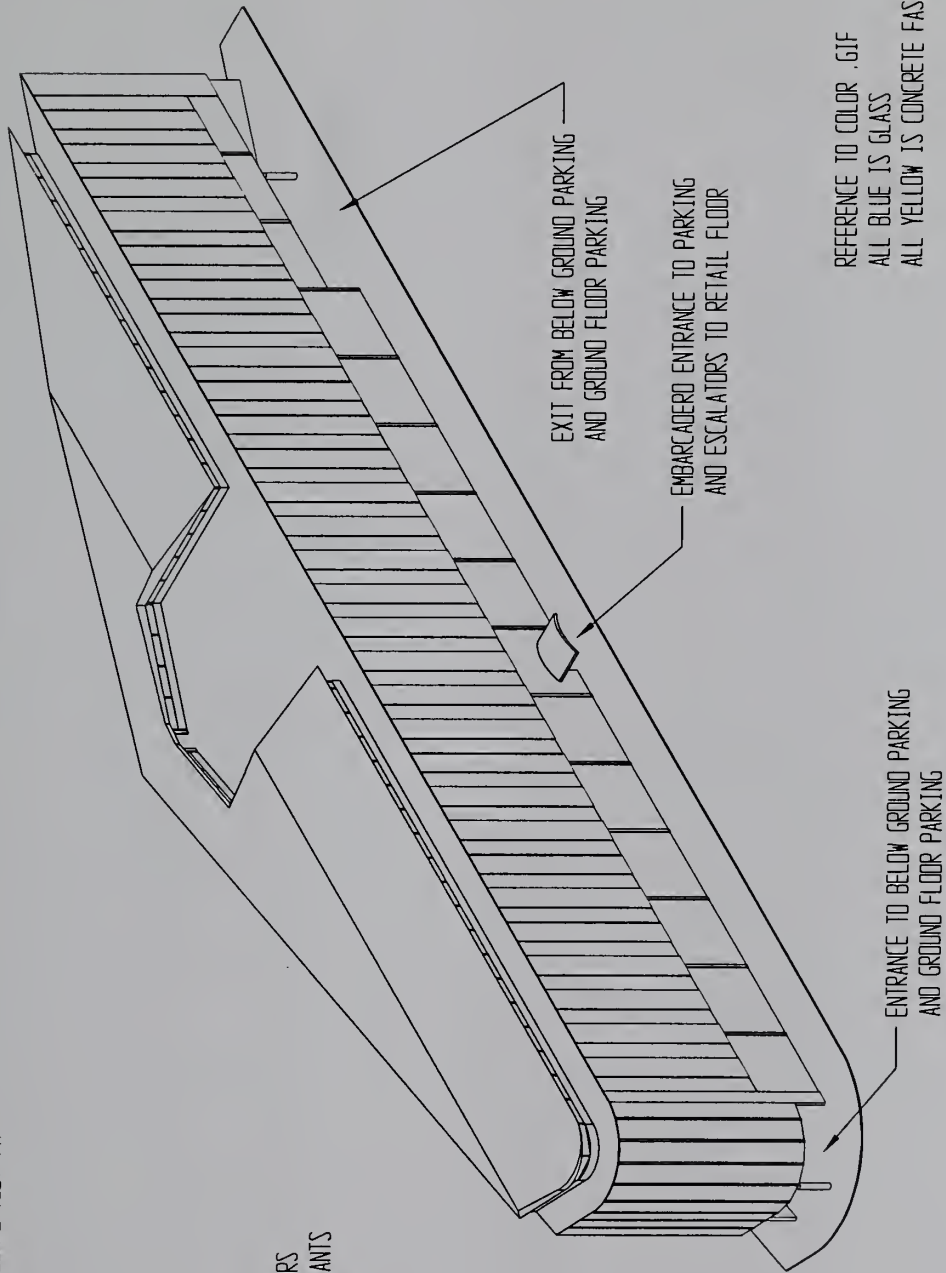


NOTES:

8 STORIES
 APPROX. SQ. FT. / FLOOR 25654
 B1 (BELOW GROUND FLOOR PARKING)
 GROUND FLOOR PARKING
 2ND FLOOR RETAIL
 3RD FLOOR ENTRY/LOBBY/ROOM LAYOUT TYP
 4TH THRU 7TH RESIDENCE
 8TH FLOOR RESTAURANTS

DRAWINGS INDEX:

CI COVER SHEET
 SHT 1 PARKING FLOORS
 SHT 2 RETAIL FLOOR
 SHT 3 ENTRY/LOBBY
 SHT 4 4TH THRU 7TH FLOORS
 SHT 5 TOP FLOOR/RESTAURANTS
 SHT 6 ELEVATIONS



FRONT/REAR ELEVATIONS

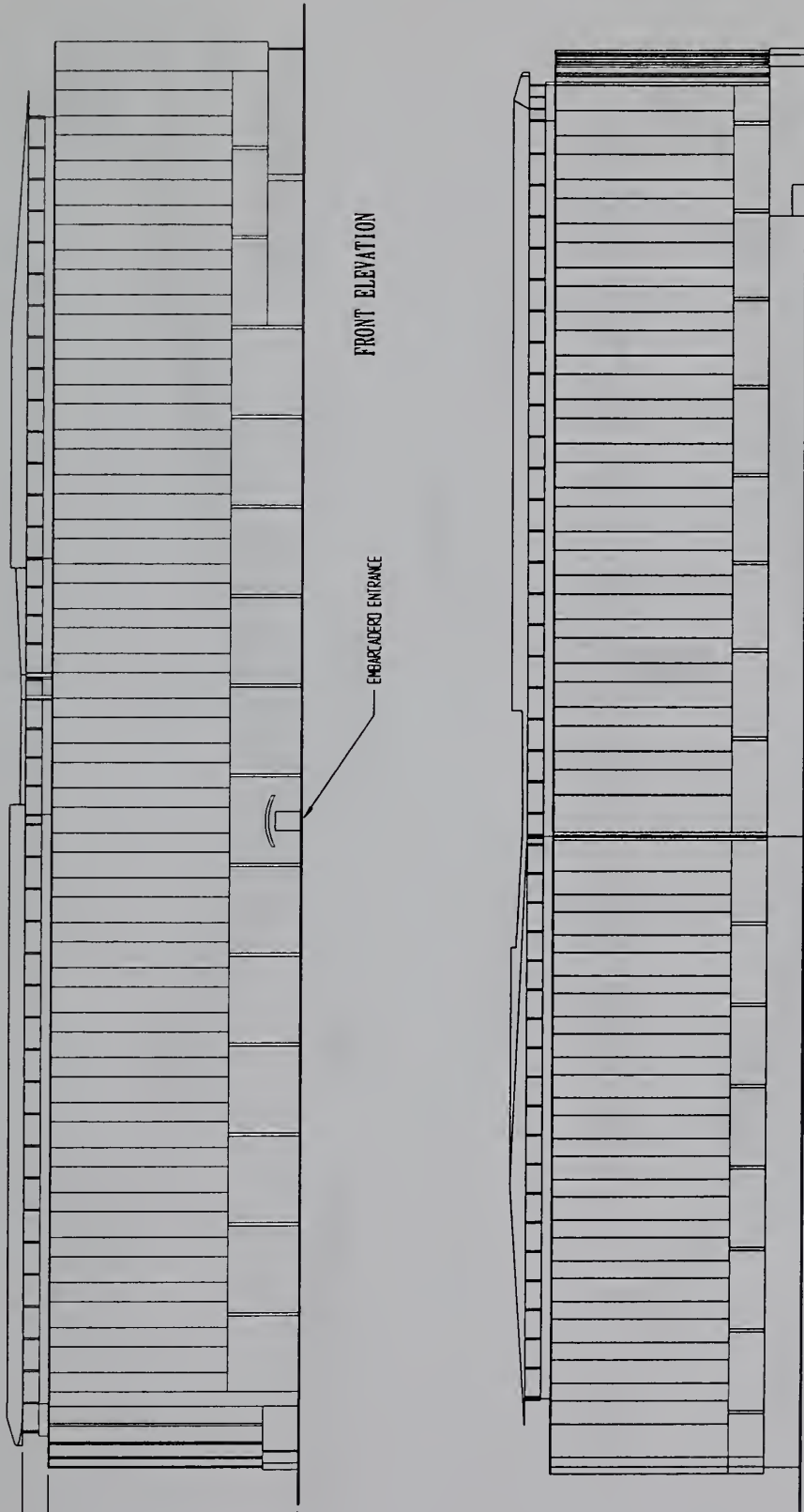
FRONT ELEVATION

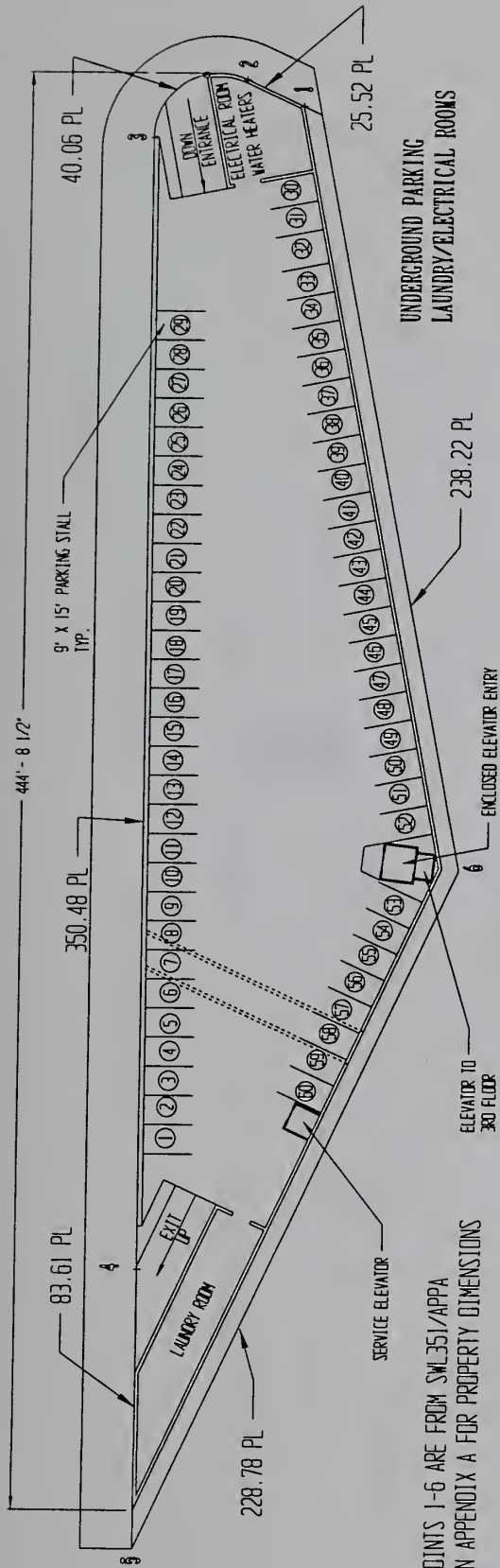
REAR ELEVATION

ENCLOSURE ENTRANCE

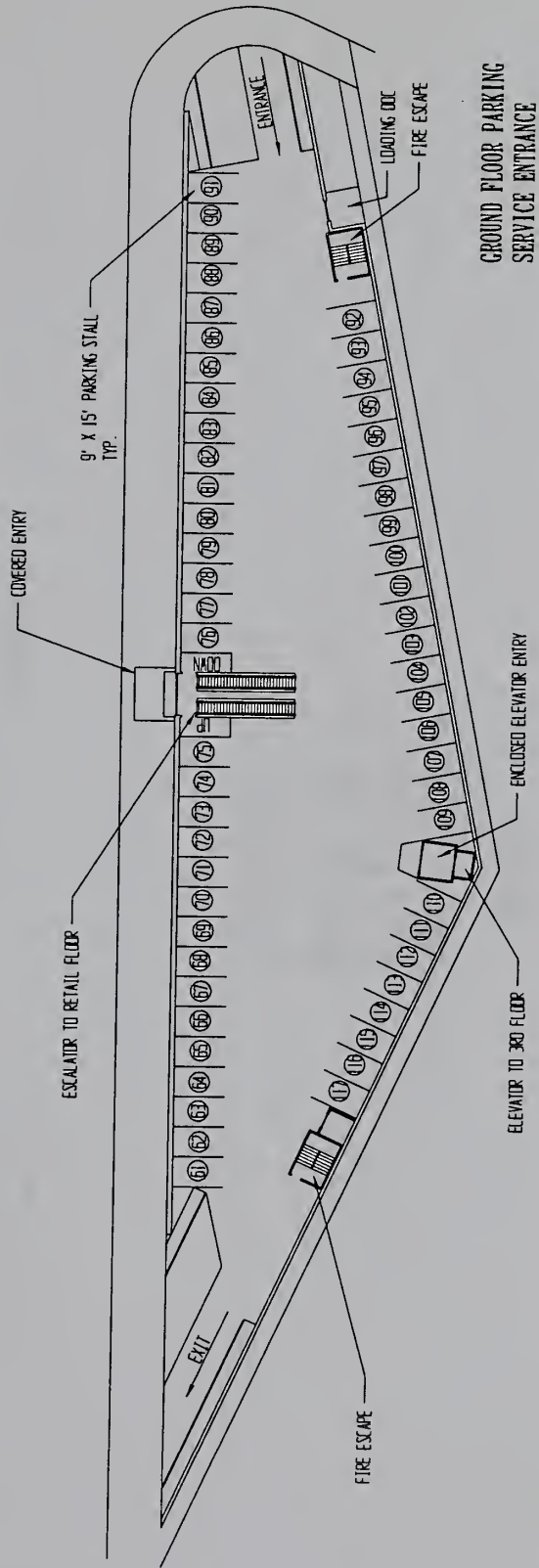
9' 0"

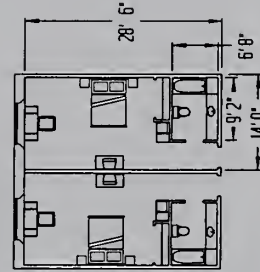
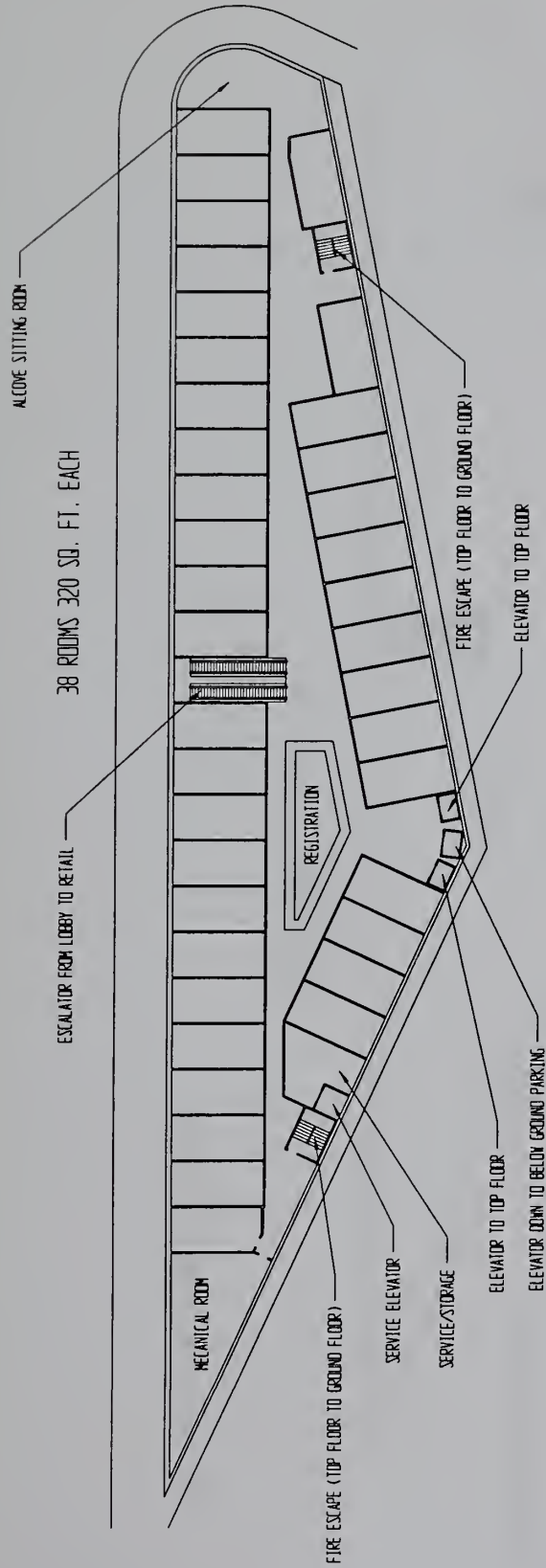
67' 62"





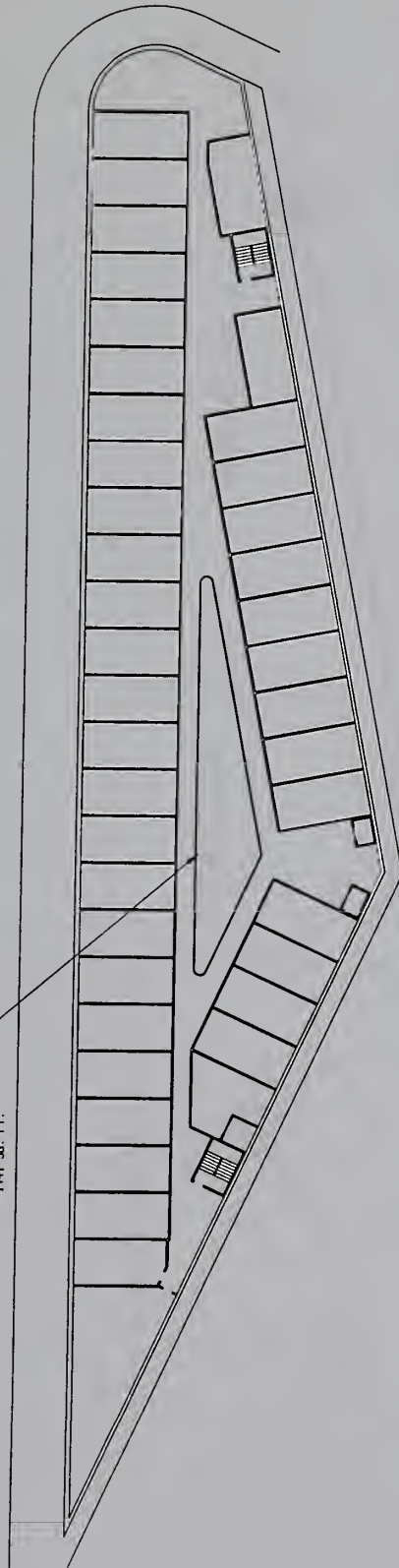
NOTE: POINTS 1-6 ARE FROM SWL351/APPA
 SITE PLAN APPENDIX A FOR PROPERTY DIMENSIONS



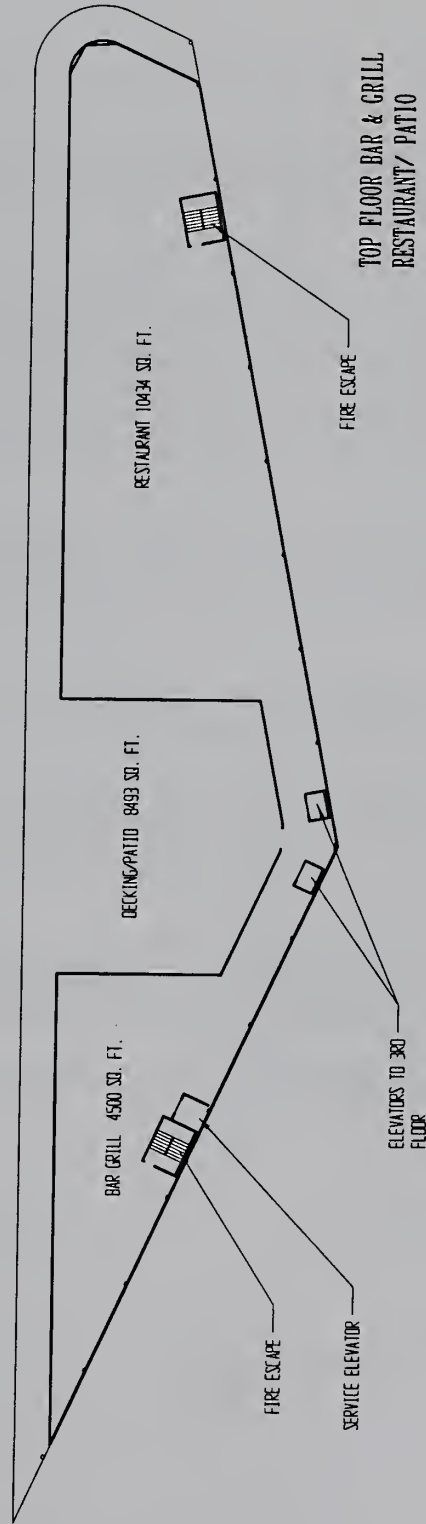


40 ROOMS 320 SQ. FT. EACH

RAILED OPEN ATRIUM
1441 SQ. FT.



NOTE: TENNANTS ARE RESPONSIBLE FOR LAYOUT





SAN FRANCISCO
WATERFRONT
PARTNERS, LLC

December 19, 2008

Dear Members of The Port Commission and Executive Director Monique Moyer:

San Francisco Waterfront Partners II, LLC (SFWP) is pleased to submit this proposal for the development of Seawall Lot 351 to the Members and Staff of the San Francisco Port Commission.

SFWP is a partnership between local developer, Pacific Waterfront Partners, LLC (PWP), the Managing Member, and the California State Teachers Retirement System (CalSTRS). PWP has extensive experience with waterfront development, entitlements and public private partnerships. Between them, Simon Snellgrove and Alicia Esterkamp, the Principals of the company and their associates, have been actively involved in the area within and surrounding the Ferry Building Waterfront since 1969 and have aggregated over 65 years of combined experience. Both principals have a passionate, committed and personal interest in the area.

SFWP has a proven track record and commitment with the Port of San Francisco which has been demonstrated through its tireless efforts in the development of Piers 1 ½, 3 & 5, completing the project despite a severely challenging economy. We are extremely proud of the relationship we have developed with the Port Staff which is underpinned by mutual respect and support.

SFWP understands the neighborhood, the diversity of stakeholder's opinions as well as the complex regulatory process and is committed to successfully completing a responsible, contextual development project.

We and our team have the requisite experience, vision, management expertise and financial capacity to successfully entitle, manage and complete the project. We have assembled an excellent consulting team with the talent and enthusiasm to meet and exceed the Port's goals.

This is a landmark site, the potential for which merits the highest caliber of urban planning and design. We want to assure you that, together with the Port, we can develop a project on Block 351 and its adjacent land that will serve as another successful model for positive improvement on the San Francisco Waterfront.

We wish to thank the members of the Port Commission and Port staff for this opportunity.

Yours sincerely,

San Francisco Waterfront Partners II, LLC

By: Pacific Waterfront Partners, LLC

Simon W.R. Snellgrove
Principal

Alicia N. Esterkamp
Principal

Executive Summary

DEVELOPMENT ENTITY

The 8 Washington project is being proposed by San Francisco Waterfront Partners II, LLC, (SFWP) a partnership between local developer, Pacific Waterfront Partners, LLC (PWP) and the California State Teachers' Retirement System (CalSTRS). Formed in 2000, SFWP has been responsible for the completion of the entitlements, historic renovation, leasing and ongoing operations of Piers 1 ½, 3 & 5. PWP is an urban infill developer focused on complex entitlements and historic rehabilitation. With over \$21 billion in real estate investments, CalSTRS is the largest teacher's pension fund in the country.

DEVELOPER QUALIFICATIONS

PWP is the Managing Member of SFWP and is a San Francisco based real estate development and investment management firm whose principals have over fifty years of real estate and development experience. PWP has earned a reputation for excellence in urban infill development and diversified portfolio management. We work with multi-tiered public agencies, institutional investors and their managers, and both private and public corporations.

SFWP most recently completed the \$60 million rehabilitation and adaptive re-use of Piers 1 ½, 3 & 5 (The Piers).

As the development manager, PWP's responsibilities included:

- Securing Entitlements
- Design and Development
- Community Outreach
- Construction Management and Overall Project Management
- Historic Tax Credit Management and Oversight
- Marketing and Leasing
- Property Management and Ongoing Operations

The Piers are nearly 90% leased and include reputable tenants including : Bloomberg SP, Renaissance Technologies, Geolo Capital, La Mar Restaurant, The Plant Café Organic (formerly known as Lettus Café) and Chef Russell Jackson's Lafitte Restaurant.

THE PRINCIPALS' PARTICIPATION IN
THE DEVELOPMENT OF RELEVANT
PROJECTS INCLUDE:

Piers 1 ½, 3 & 5 Historic Renovation, San Francisco, CA

120,000 square foot historic renovation in the Ferry Building Waterfront Area consisting of 40,000 square feet of public access, including a public Port Walk, Bayside History Walk, public dock, water taxi landing and marina. The project also includes restaurants and retail and Class A office space (Figures 1-3).

The Watermark, San Francisco, CA

A 22-story residential project located in the South Beach waterfront area (Figure 4).

The Bay School, The Presidio of San Francisco, CA

PWP worked in a pro-bono capacity with the principals of Equity Community Builders through the Bay Schools non-profit Board. A 62,000 square foot campus was developed in the Main Post area and structured a long term lease with the school. The building was successfully adapted and reused an historic Presidio landmark, now known as the Bay School of San Francisco. (Figure 5).

Embarcadero Center, San Francisco, CA

A \$350 million development including 3.2 million square feet of office space, 340,000 square feet of retail space and an 800-room Hyatt Regency hotel (Figure 6).

Marina Square, Republic of Singapore

A \$1.2 billion mixed-use development containing the 640-room Marina Mandarin, the 580-room Oriental Singapore and the 850-room Pan Pacific Hotel. The development contains 700,000 square feet of retail with 4 department stores and a 4,000-car garage (Figure 7).

The Pan Pacific (now The JW Marriott), San Francisco

A 340 room luxury hotel developed in 1987 (Figure 8).



LAND USE PROGRAM

The 8 Washington project proposes to consolidate Block 351 with the adjacent Blocks 201, 171 and 168 currently owned by the Golden Gateway Center. By consolidating this land, we propose to limit the most densely built portions of the development to the south of Jackson Street within the current zone of existing high rise apartment buildings, while the land north of Jackson Street will be reserved for public open space and recreation. This preserves views of the Bay for the residents of the Golden Gateway Commons and maximizes the public realm.

The land to the South of Jackson Street would be comprised of two residential buildings, eight stories in height and containing approximately 140–170 residential units as well as ground floor restaurants and retail spaces. Parking facilities, including a total of up to 420 parking spaces divided between 140–170 residential spaces and 90–250 public parking spaces serving the Ferry Building Waterfront Area, will be contained underground and to the South of Jackson Street.

The 8 Washington plan assigns 51% of the combined total land area to recreation and public open space. The plan includes connecting Jackson Street and Pacific Avenue to The Embarcadero with two significant public open spaces. The Jackson Commons is comprised of approximately 10,000 square feet of landscaped public open space, serving as a pedestrian and view connection between the waterfront and the Barbary Coast neighborhood, Jackson Square, North Beach, Telegraph Hill and Chinatown. The Pacific Waterfront Park contains approximately 17,000 square feet of open space and connects the walkway from Sidney Walton Park to The Embarcadero directly across from the Pier 7 promenade. Here, the public will be able to recreate and enjoy unprecedented scenic waterfront vistas. SFWP has also provided an alternative for a 4,000–5,000 square foot restaurant on Pacific Waterfront Park, with outdoor seating spilling out into the park, further animating and securing the public open space within the project.

The proposed plan combining Block 351 with the adjacent land will result in an area greater than the area of Block 351 being dedicated to public open space at no initial cost to the public and with no on-going maintenance costs to the City.

The new recreation club will be located between the Jackson Commons and the Pacific Waterfront Park. The club has been designed in Western Athletic Clubs, and features approximately 12,000 square feet of indoor fitness area, 40,000 square feet of outdoor recreation space, enlarged recreation and lap pools with views of the Bay and four regulation size tennis courts.

By consolidating Seawall Lot 351 with the adjacent parcels of land, the 8 Washington Street project will provide more value to the Port of San Francisco, the City of San Francisco and the overall neighborhood. While Seawall Lot 351's inclusion in the 8 Washington project is not critical to its success, it will provide the greatest amount of public benefits, including public open space, recreation and public parking, all of which would be significantly diminished without the inclusion of Seawall 351.



PROJECT DESIGN

The project is being designed by the San Francisco Office of Skidmore, Owings and Merrill (SOM). The design draws inspiration from the adjacent neighborhoods, the historic structures of The Embarcadero, the gracious collection of open urban spaces which surround the project, and the principles of contemporary and environmentally conscious design.

Design Concept

The design concept breaks down the scale of the project with a series of shifts in scale, creating a transition from the financial district and Golden Gateway to the smaller scale of the surrounding neighborhoods to the north and the Piers buildings to the east.

The resolution and articulation of the design is the result of extensive discussions with neighborhood groups and Planning Commission staff. The design is modern but classic and contextual without false historicism or ornament. The bold and simple language of the building complements the scale and character of The Embarcadero without overtly historical forms.

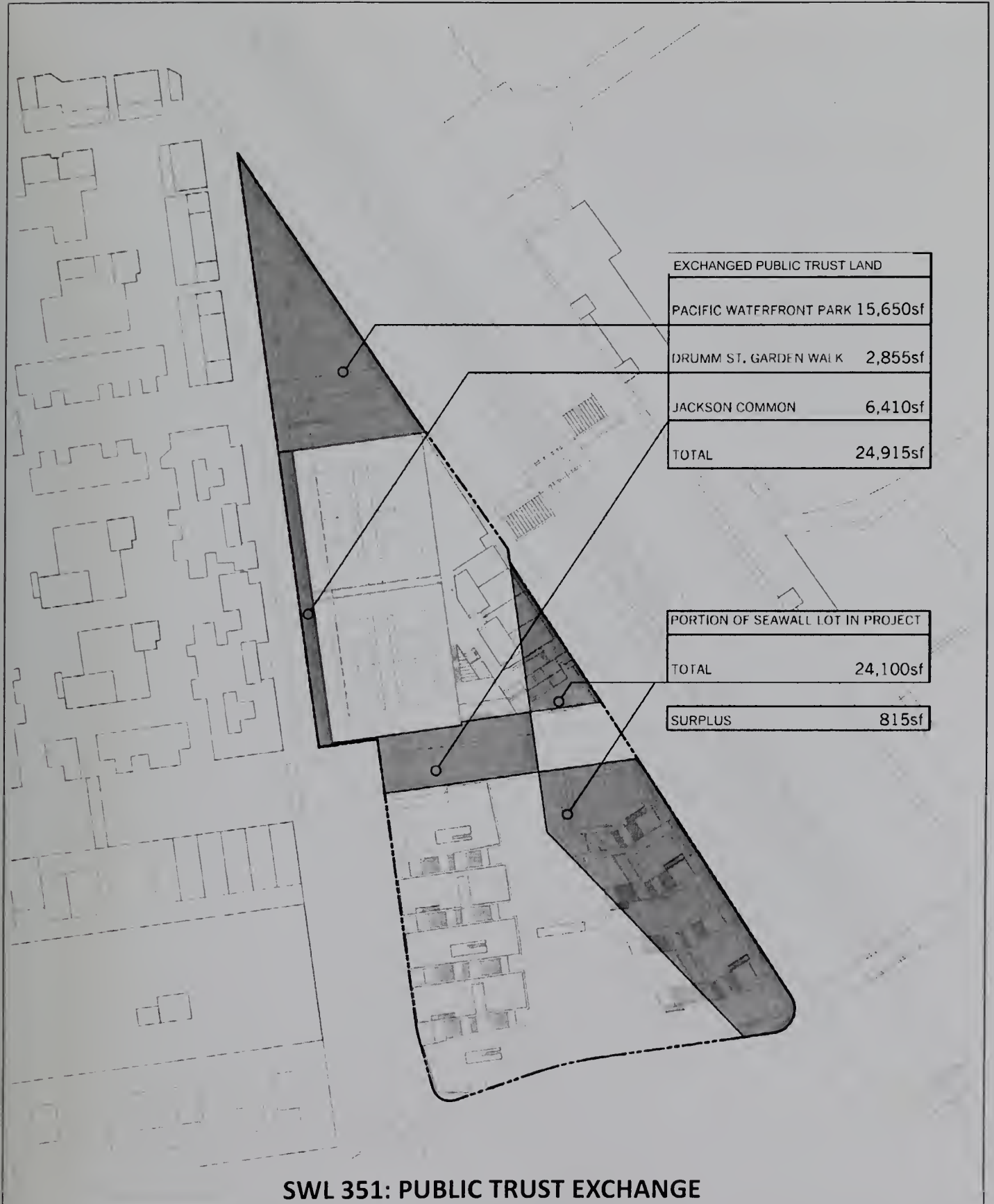
Materials

Rich natural materials like limestone, wood, and bronze are used to coordinate with the material character of the Ferry Building and piers. These materials are crafted into simple, clean, and modern forms which are a direct result of the desired uses and influences of the context. Extensive glass areas are included where transparency and interaction with the public realm is appropriate.

Neighborhood Context

The project responds to the scale of the surrounding buildings by first dividing the uses into four buildings – a low-rise fitness club to the north of Jackson, two mid-rise residential buildings south of Jackson with a generous open space between them, and an elegant and transparent one story pavilion linking the residential buildings and fronting a gracious porte-cochere. The division of the residential component into two distinct buildings allows light, air, and views to pass between the buildings. The geometry of the two buildings resolves the triangular nature of the site internally, allowing each primary façade to hold the street wall in a simple and strong fashion.

Within each of the two residential buildings, the building form is refined and articulated to transition from the scale of the city block to the scale of individual residential units by dividing each building into a series of five simple stone forms. The heights of these stone forms vary, allowing setbacks above the 7th floor to transition from the bay to the higher buildings of the Golden Gateway and the natural topography of the hills, while the wood and glass set back facades between them step back above the 6th floor to diminish the mass of the building and create a light, sculptural top to the building. The simple rhythm of the building allows for a deeply articulated and sculpted building which expresses an appropriate residential scale while still reinforcing the edge of The Embarcadero and emphasizing the grandeur of the surrounding public spaces. The vocabulary of the project is harmonious with the surrounding neighborhoods and spaces and allows the distinctive Beaux-Arts architecture of the historic buildings on the waterfront to stand apart.



ARCHITECTURAL DRAWINGS





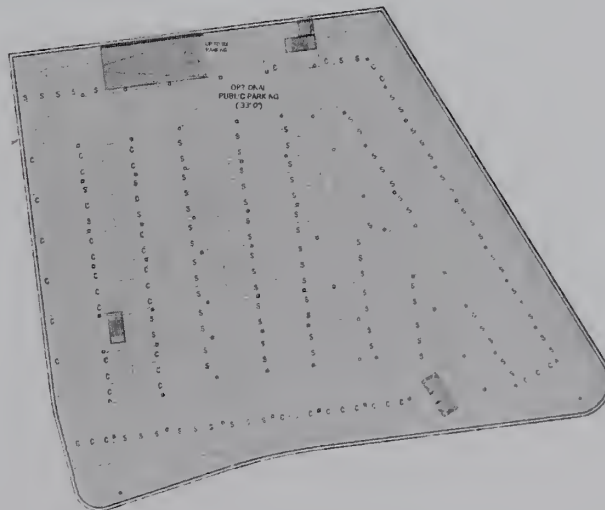
Level B3
(optional)

Pacific Ave.

The Embarcadero

Jackson St.

Drumm St.



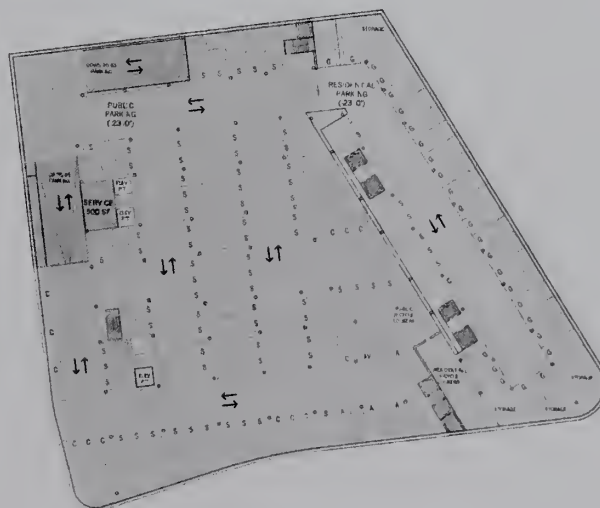
Washington St.

Pacific Ave.

The Embarcadero

Jackson St.

Drumm St.



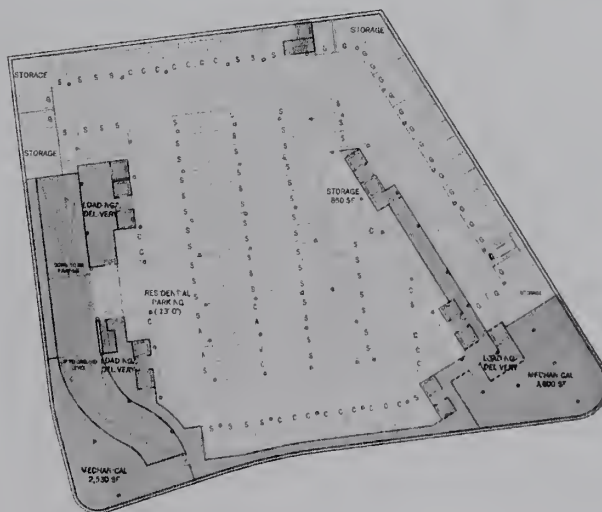
Washington St.

Pacific Ave.

The Embarcadero

Jackson St.

Drumm St.



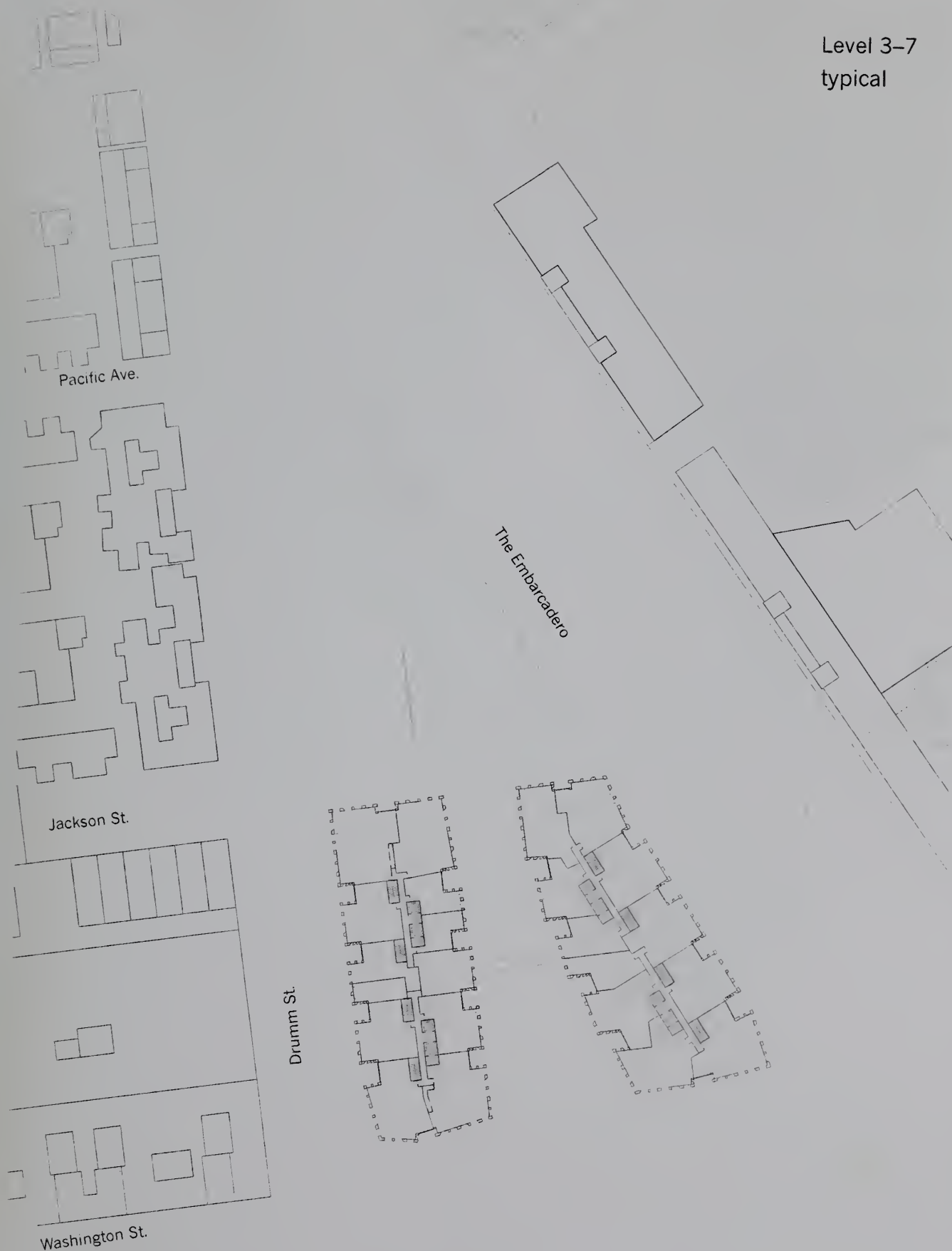
Washington St.

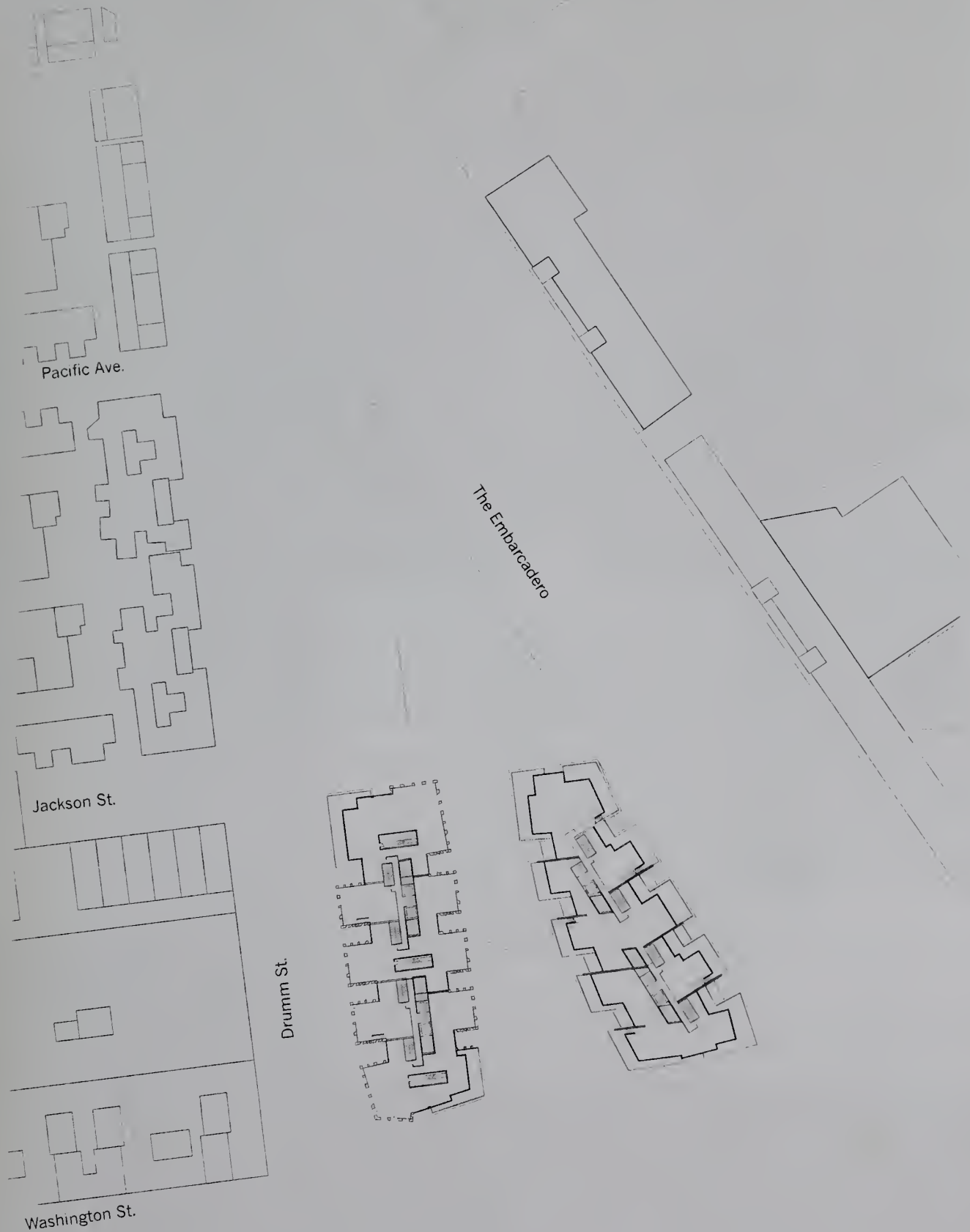
Level 1





Level 3-7
typical





± 245'-0"

± 29'-1"

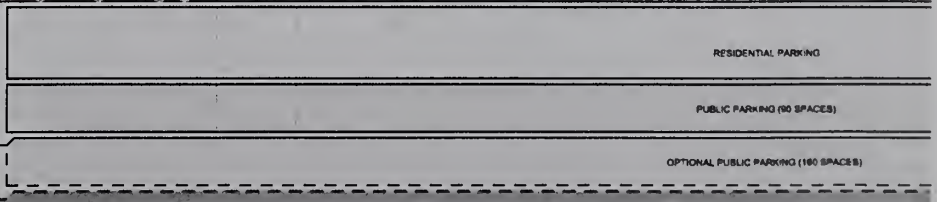
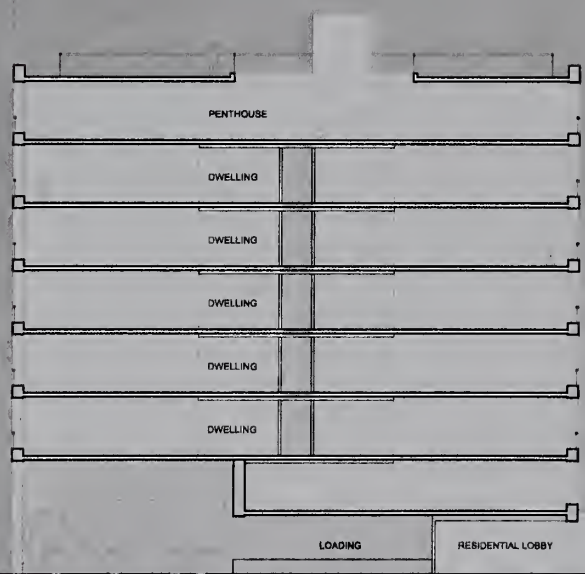
PARKING

OFFICE

DRUMM STREET

PROPERTY LINE

- 94'-0" MECHANICAL
- 84'-0" LEVEL 8
- 73'-4" LEVEL 7
- 63'-8" LEVEL 6
- 52'-0" LEVEL 5
- 41'-4" LEVEL 4
- 30'-8" LEVEL 3
- 20'-0" LEVEL 2
- 10'-8" LEVEL 1
- 0'-0"
- 13'-0" LEVEL B1
- 22'-0" LEVEL B2
- 31'-0" LEVEL B3



PROPERTY LINE

PENTHOUSE

DWELLING

DWELLING

DWELLING

DWELLING

DWELLING

DWELLING

RESIDENTIAL LOBBY

RETAIL

RESIDENTIAL PARKING

THE EMBARCADERO

PROPERTY LINE

PROPERTY LINE

± 48' 1"

± 29' 1"

30'-0"
ROOF
20'-0"
LEVEL 2

10'-0"
17'-6"

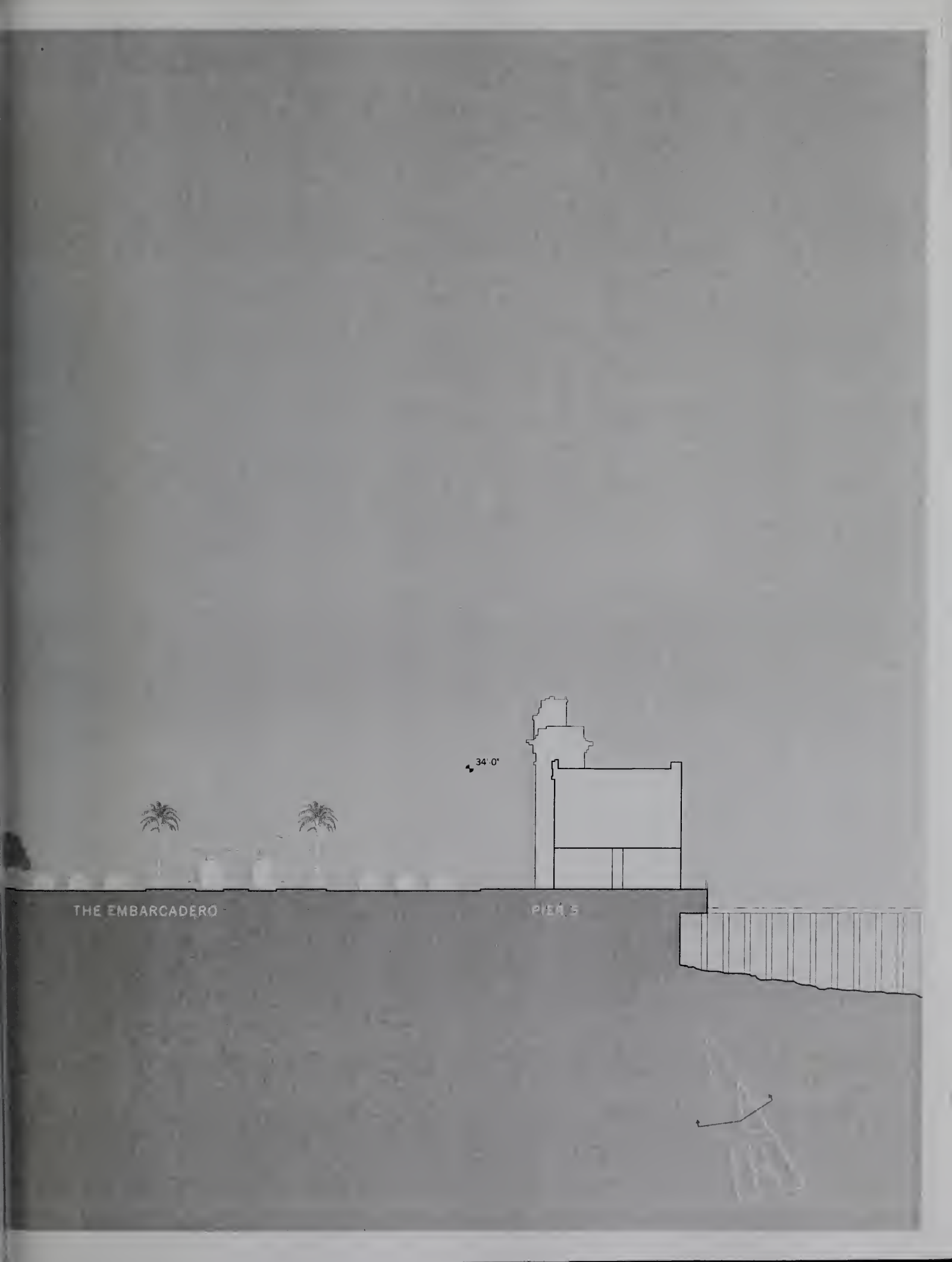
2'-6"
LEVEL 1

ATRIUM

LAP POOL

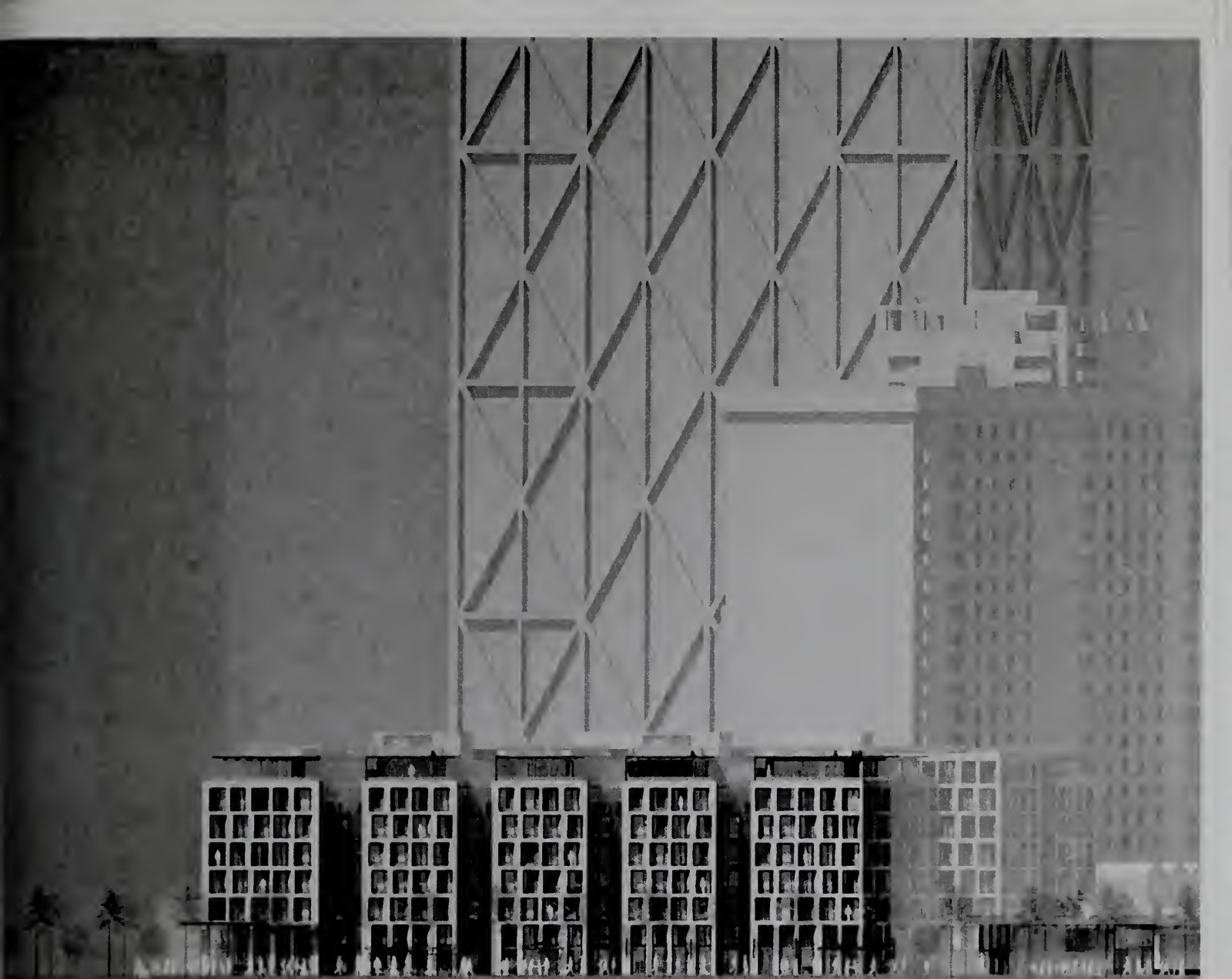
STUDIO

DRUMM STREET
GARDEN WALK



THE EMBARCADERO

PIER 5



WASHINGTON

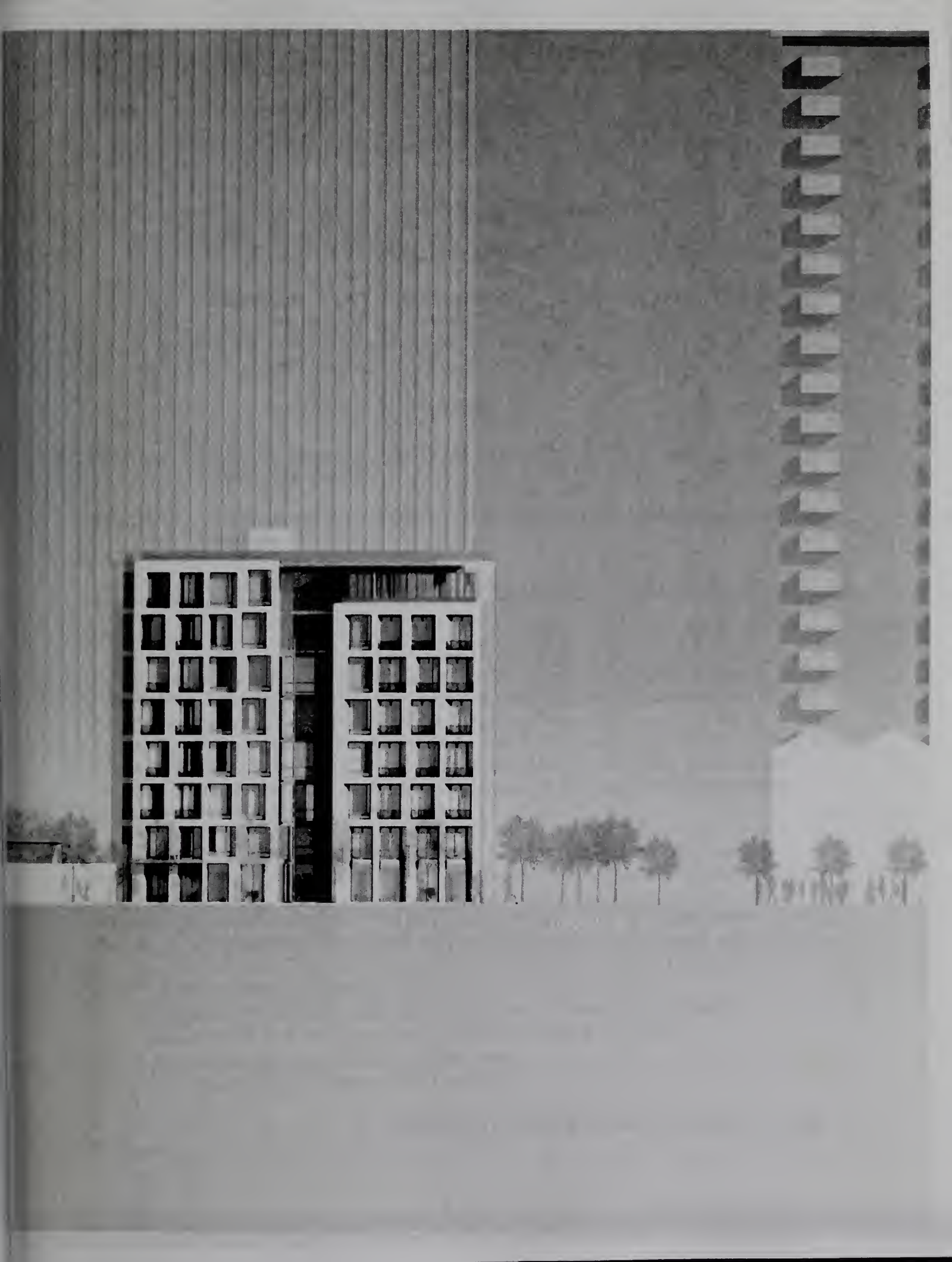
JACKSON COMMONS



PACIFIC WATERFRONT PARK



THE EMBARCADERO





MEMORANDUM

January 7, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Informational presentation on Port Maritime Cargo and Warehouse Market Analysis

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

Overview

CBRE Consulting, Inc. and Martin Associates were retained by the Port of San Francisco in July 2008 to update the market assessment last prepared for the Port of San Francisco in 2001 entitled, "Maritime Cargo and Industrial Land Use Study." The updated study was commissioned in order to assist with determining the best use of the Port's cargo facilities for future growth. CBRE and Martin Associates were chosen because of their knowledge of the maritime cargo and warehouse industries; their principals also developed the 2001 report.

While the original analysis included a detailed assessment of the Port's existing infrastructure and recommended improvements, this update focuses on the potential cargo markets of the Port and includes the identification of existing markets and projection of potential cargoes. The projections identify potential future demand for the Pier 80 and Pier 94/96 facilities at the Port of San Francisco. The report also includes:

- Cargo market assessment;
- Historic overview of West Coast and Northern California cargo activity;
- Assessment of existing markets currently handled at the Port;
- Current warehouse activity in the Bay Area;
- Forecasts of Port's existing cargo markets;

THIS PRINT COVERS CALENDAR ITEM NO. 10A

- Potential market opportunities for cargoes not currently handled at the Port;
- Competitive position of the Port of San Francisco in relation to other Bay Area ports;
- Recommended areas of focus for Port of San Francisco marketing efforts.

The analysis includes historical cargo trends of Bay Area and West Coast ports as identified from sources including the Pacific Maritime Association (PMA), US Bureau of Census, Journal of Commerce PIERs statistics, and the Port of San Francisco. In addition, interviews were conducted with numerous members of the shipping community, including members of the Port of San Francisco Maritime Commerce Advisory Committee (MCAC), steamship lines, terminal operators and stevedores, shippers and consignees of Bay Area cargo, Port of San Francisco tenants, trucking operators, rail providers, freight forwarders, and auto processors.

An assessment of San Francisco and Bay Area warehouse market is also included in this update. This analysis focuses on the trends in vacancy and absorption of warehouse space in selected competitive markets in the Bay Area.

The study provides the port with an overview of the historical and current markets of the Port's key competitors, potential future opportunities, barriers to entry in specific markets, target markets, and areas of focus for future marketing efforts. Port staff intends to utilize this study to direct future marketing efforts and to guide other actions that will place the Port in a better position to compete for future cargo opportunities.

Prepared by:

Jim Maloney
Maritime Marketing Manager



MEMORANDUM

January 8, 2009

TO: MEMBERS, PORT COMMISSION

Hon. Kimberly Brandon, President
Hon. Rodney A. Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director *M Moyer*

SUBJECT: Status Report of Port Month-to-Month and Holdover Property Agreements

DIRECTOR'S RECOMMENDATION: Informational Only - No Action Required

INTRODUCTION

On October 9, 2008, the Board of Supervisors Budget Analyst ("Budget Analyst") made the following recommendation in the context of his report on a proposed lease between the Port and Portco, Inc. for a retail lease opportunity at 360 Jefferson Street:

"Given that, as noted above, the Port continued a month-to-month lease with Cory Gallery for three years and four months, from May 1, 2005 to August 31, 2008, and that the Port charged Cory Gallery a monthly rent, which was below the fair market rate value rental rate, request the Port to provide the Board of Supervisors with a written report on all of the Port's existing month-to-month leases including the following information: (a) the monthly rent, (b) the location of the month-to-month lease, (c) the date on which the month-to-month lease became effective, (d) the name of tenant, and (e) the reason for the month-to-month lease."

On December 10, 2008, the Budget and Finance Committee of the Board of Supervisors convened a hearing on the number, location, and effective date of, and reasons for leases or permits between third parties and City departments which are month to month, with responses from Department of Recreation and Park, Department of Real Estate and the San Francisco Port (File 081325).

THIS PRINT COVERS CALENDAR ITEM NO. 11A

The Board of Supervisors inquiry examined two types of Port leases: "holdover leases" which were initially entered for a specified term, but where the term has expired and the leases continue on a month-to-month basis as provided by law, and "month-to-month leases", which the Port initiated on a month-to-month basis with no specified term.

At the Budget and Finance Committee hearing, Supervisor Jake McGoldrick and Budget Analyst Harvey Rose appeared satisfied with the Port's program to review and renegotiate holdover leases. However, Supervisor McGoldrick and the Budget Analyst raised policy questions about the Port's practice of initiating leases on a month-to-month basis, particularly when leases sometimes last for periods of more than ten years. Charter Section 9.118 provides for Board of Supervisors approval of all non-maritime leases with a term of ten or more years or anticipated revenue of one million dollars (\$1,000,000.00) or more. The Budget Analyst posed the question of whether such month-to-month leasing had the effect of avoiding Board of Supervisors' oversight.

This report provides an overview of Port leasing practices, describes the steps the Port has undertaken to address a significant backlog of holdover and month-to-month leases, and answers the specific questions about month-to-month leases posed by Supervisor McGoldrick and the Budget Analyst. This report also discusses the circumstances under which Port staff recommends continuing the practice of initiating certain leases on a month-to-month basis as an appropriate real estate practice and presents options for how to address the policy concerns raised by Supervisor McGoldrick and the Budget Analyst.

OVERVIEW OF PORT LEASING

Pursuant to the Burton Act, the Port is trustee, on behalf of the people of the State of California, of land and submerged areas of San Francisco between historic mean high and mean low tide, as described more specifically on the Burton Act transfer maps. Generally, this is a 7.5 mile area located between Aquatic Park in Fisherman's Wharf and Heron's Head Park near India Basin.

The Port leases the majority of this property for purposes consistent with the *public trust* for maritime commerce, navigation and fisheries and the Burton Act trust. Such uses include maritime businesses, visitor-serving retail and restaurants. These leases are often longer-term leases with maximum terms of up to 66 years.

Pursuant to the City Charter, maritime leases are subject to approval by the Port Commission in its sole discretion. Other leases such as restaurant, commercial or retail leases, or mixed use development projects, generating \$1 million or more in anticipated revenue or 10 or more years in duration, are also subject to approval by the Board of Supervisors.

When the Port is not leasing its land for purposes that promote the public trust for maritime commerce, navigation and fisheries, the Burton Act expressly authorizes leasing for other purposes in order to generate revenue to support the Port's trust consistent activities. *Interim leasing*, typically for shorter term durations, can be for any

type of use consistent with underlying City zoning. Such interim leasing represents a significant portion of Port leasing activity, and provides an opportunity for small local businesses to lease property along the waterfront.

Port Real Estate staff conducts an annual market survey to analyze current market rents to establish parameter rents for Port properties which are then approved by the Port Commission and applied equitably to new and renewing tenancies ("Monthly Rental Rate Schedule"). The Monthly Rental Rate Schedule sets forth a range of rates for different Port properties (e.g., office space at specific locations, warehouse space, open land). The Port Commission has delegated to the Port Executive Director the authority to enter into leases that are 1) not otherwise subject to approval by the Board of Supervisors, 2) have rental rates that fall within the approved Rate Schedule, and 3) meet other specified criteria (e.g., among other criteria, leases cannot include retail uses, cannot exceed 5 years in term, and must use the standard lease form).

The Board of Supervisors' policy is to competitively solicit leasing opportunities, except where impractical or impossible (codified in Administrative Code Section 2.6-1). The Port's Retail Leasing Policy also requires competitive bidding, except in cases where a tenant is in good standing, the tenant is making a significant capital investment in Port property that benefits the Port, and the benefits of direct negotiation outweigh the benefits of competitive bidding. Due to the high volume of leases for relatively small leased areas for nominal rents, the Port generally does not competitively bid office, warehouse space, or open land leases, but instead relies on the parameter rental rate structure and staff delegation discussed above. In the view of Port staff, to competitively bid such leases would be impractical. However, where a business model is highly competitive and represents a major revenue opportunity for the Port (e.g., retail, parking, concrete batching, construction materials recycling), the Port issues a Request for Proposals.

Table 1 below shows Port revenues over the last five years.

Table 1: Port of San Francisco Financial Statement Revenues

		(in thousands)				
<i>Years Ended June 30</i>	<i>% Change</i>	2007	2006	2005	2004	2003
Operating Revenues:						
Commercial and industrial	14%	36,496	35,803	34,791	33,489	32,037
Parking	41%	10,514	9,122	8,600	8,154	7,466
Cargo	-27%	4,152	4,181	5,277	5,561	5,659
Fishing	13%	1,760	1,609	1,520	1,454	1,554
Ship repair	45%	1,332	1,105	1,021	867	919
Harbor services	-8%	887	1,003	997	991	967
Cruise	83%	1,763	2,065	1,679	1,578	963
Other maritime	-2%	1,391	1,272	1,206	1,319	1,413
Other	-17%	2,898	2,428	2,428	3,289	3,489
Interest Earnings	138%	4,223	2,993	1,698	1,080	1,774
Total Operating Revenues	16%	65,416	61,581	59,217	57,782	56,241
Real Estate	19%	47,010	44,925	43,391	41,643	39,503
Maritime	-2%	11,285	11,235	11,700	11,770	11,475
Other (excluding interest)	-17%	2,898	2,428	2,428	3,289	3,489
		61,193	58,588	57,519	56,702	54,467

The Port currently has 21 million square feet of leasable space and enjoys an average 2% vacancy rate.

HOLDOVER LEASES

In the fall of 2007, during consideration of another Port lease pending before the Board of Supervisors for a lease renewal for the Java House Café in South Beach, the Budget Analyst raised the issue of Port holdover and month-to-month leasing. In response to the Budget Analyst's comments, the Port examined the number and type of leases that were otherwise in good standing, but holding over on a month-to-month tenancy after the initial term had expired.

The results of that review highlighted a weakness in the Port's real estate portfolio. As of September 17, 2007, the Port had 587 leases. Excluding leases that were currently under negotiation and leases at development sites, 162 of the Port's leases were on holdover status where the original term of the lease had expired. The problem with this finding is that in the event of an economic downturn (such as the one the country is now facing), the stability of the Port's revenue base could be at risk.

By comparing existing lease rates to the September 2007 estimates of market rates for each subject facility, Port staff estimated potentially significant revenue increases if the Port could enter into new term agreements with this pool of tenants, while maintaining the Port's low vacancy rate.

The reasons for the size of the backlog of holdover leases are not fully known, but Port staff suspects the following are the principal causes:

- due to the deteriorating condition of many Port facilities, the Port deploys more property managers to day-to-day management of facilities than to leasing; and
- in the late 1990's, the Port engaged in an aggressive *interim leasing* program to increase its revenues, but made no provision for increased staffing to renew these leases when they expired.

Regardless of its causes, the backlog represents a significant challenge for the Port. In late 2007, in consultation with the Mayor's Office, members of the Board of Supervisors and the Department of Real Estate (DRE), the Port developed a strategy for renewing or competitively bidding these lease opportunities.

HOLDOVER LEASE PROJECT

Since January 2008, in conjunction with DRE, the Port has implemented the plan described below to competitively bid and/or renew a lease with the existing tenant currently on holdover status.

Rather than add new positions to the Port's budget or solicit services of a real estate company, the Port developed and negotiated an MOU with DRE to provide staffing assistance in this effort. The negotiated terms of the MOU provide the Port with 1 Real Property Officer (4140) and 1 Principal Real Property Officer (4143) for six months in FY 2007-08 and a 1 Principal Real Property Officer full-time during FY 2008-09.

The terms of the MOU provide for Port reimbursement of DRE staff costs plus any contractual increases pursuant to employee labor agreements, with an incentive payment mechanism in lieu of DRE employee overhead costs. The incentive payment mechanism is structured as 10% of the incremental rental amounts the Port is able to charge tenants pursuant to leases completed by DRE employees for each of the first two years of the new lease terms (a completed lease means a fully executed and effective lease or an effective rent increase letter). For example, if at the end of DRE's efforts on the Holdover Project, the Port earns \$1 million in additional revenues from all of the leases completed by DRE staff, DRE will receive 10% or \$100,000 annually for two years for a total of \$200,000.

The additional assistance provided by DRE staff on the holdover leases enables existing Port staff to continue marketing vacant Port property and negotiating new leases. For example, the Port's two-person leasing staff has been executing approximately six leases per month bringing many new tenants to the Port resulting in vacancy rates below those of nearby comparable private sector properties. The temporary assistance of DRE staff allows Port staff to continue its own successful marketing and leasing effort while facilitating the renewal of the holdover leases.

In addition to the immediate revenue opportunity, DRE staff's concentrated effort to renew the holdover leases will serve to replace often inferior liability provisions of older leases with the Port's updated form of lease which has new and enhanced protections for hazardous material indemnification, environmental remediation, insurance coverage and property maintenance obligations among others. Also, the new form of lease contains recently adopted City ordinances including Health Care Accountability, Green Building and First Source Hiring.

Project Staffing

Project Coordinator: Port Development Coordinator

Staffing: DRE Principal Real Property Officer
 DRE Real Property Officer
 Port Feasibility Analyst
 Port Regulatory Specialist
 Port Real Estate Administrative Staff
 Deputy City Attorneys

Holdover Lease Project Progress Report

The Project Team prioritized holdover lease renewals with existing tenants based on revenue potential. Of the original 162 holdover leases, the top 91 with the highest increased revenue potential have been assigned to Port/DRE staff and have been completed and/or are in active negotiations. In summary:

- 18 new, market rate leases with existing tenants have been executed;
- 18 holdover leases were increased to market rate (where the tenant was either non-responsive or not interested in a new term lease);
- 8 tenants were terminated by the Port or chose to terminate their leases with the Port;
- the remaining 47 assigned leases are in process.

Existing Tenants Not Interested in New Leases

The Port/DRE team provides options to existing tenants, but continuing on holdover status indefinitely is not an option. The minimum term lease the Port offers is a 3-year term. If the tenant is not interested in a 3-year term lease, the Port increases the rent to current market rates provided by the Monthly Rental Rate Schedule and continues the holdover lease on a month-to-month tenancy while simultaneously making the premises available to prospective tenants interested in terms exceeding three years.

Leasing Steps

1. Prior to renegotiating a lease, obtain and review lease applications (unless an approved application has been submitted within prior two years).
2. Perform a credit check and related financial due diligence.
3. Review facility condition and capital plan needs.
4. Negotiate new lease terms based on parameter rental rate structure.
5. Submit proposed lease for Port interdivisional (weekly "Pipeline" meeting) lease review; evaluate need for and review permit applications; perform required disclosures.
6. Document the new lease, including premises maps, with City Attorney oversight.
7. Review insurance documentation.
8. Prepare Port Commission staff report (if required).
9. Prepare Board of Supervisors submittals (if required).
10. Execute lease, prepare Real Estate file and input to Propworks.
11. Random post-lease execution audits to determine accuracy.
12. Establish ongoing monitoring for compliance with lease covenants.

As described below, the Holdover Lease Project has been expanded to include a review and renegotiation of selected month-to-month leases – particularly those that have been in existence for more than ten years.

MONTH-TO-MONTH LEASES

While the Port prefers to enter into term leases (e.g., three or more years) as a way of maintaining a stable revenue base, sometimes this strategy does not fit particular leases (typically, low-revenue uses of small properties) or locations, in which case the Port relies on month-to-month leases as part of its overall real estate strategy. As implied by its name, a month-to-month lease has no fixed term binding the parties, and can be terminated by either party on 30 days' written notice. Month-to-month leases are typically brought to market rents even if the tenant(s) does not wish to enter into a term lease.

The Port uses this month-to-month leasing strategy when a facility is transitioning to a development project or requires major capital improvements. In these cases, the planning, funding and development entitlement process is of uncertain length: required financing and approvals can take literally years to obtain.

In multi-tenanted facilities (e.g., most of the Port's finger piers) where development is planned and under negotiation, the uncertain timeline for development creates a two-fold disincentive to enter new term leases. First, offering term renewals and attracting new term tenants to such facilities is hampered by the uncertain timeline leading up to development project construction. Second, the Port seeks to reduce potential liabilities commonly associated with terminating and vacating existing term leaseholds so as not to jeopardize the site delivery requirements of a development agreement.

One example of month-to-month agreements includes existing tenants at Piers 27-31. Until recently, the Port was in exclusive negotiations for mixed use development of this site, first with the Mills Corporation, and subsequently with a team comprised of the Shorenstein Properties and Farallon Capital Management. Such month-to-month leasing activity is also occurring at Piers 15-17, the future home of The Exploratorium (a project which is still subject to approval by the Port Commission and the Board of Supervisors).

While the Port is principally focused on renewing holdover leases through the Holdover Lease Project described above, the Budget Analyst requested information pertaining to all month-to-month leases at the Port. Appendix A contains a list of month-to-month leases. In response to questions raised at the December 10, 2008 Budget and Finance Committee hearing, Port Real Estate staff has reviewed this list of 149 agreements and made an effort to identify the reasons why each was initially executed on a month-to-month basis or is currently on month-to-month status.

The month-to-month agreements listed in Appendix A fall into the following categories:

- 28 are Fishing Gear Storage Licenses;
- 14 are agreements within active development project areas;
- 12 are Berthing and Ferry Landing Agreements;
- 11 are seasonal Sidewalk Encroachment Permits;
- 5 are easements for public utilities;
- 1 is for rolling stock (Port locomotives);
- 1 is an Exclusive Negotiation Agreement pursuant to an RFP;
- 19 are unique documents for special situations (operation of an ice machine at the Pier 45 Fish Processing Center, a fueling license, a kayak ramp, unresolved/ongoing litigation, monitoring well access, operation of an industrial truck scale, etc.); and
- 54 have been renegotiated, are in negotiations or are under review prior to assignment to Port staff as part of the Holdover Lease Project. These include month-to-month agreements older than ten years that were the focus of discussion at the December 10, 2008 Budget and Finance Committee hearing.

CONCLUSIONS

- The Port/DRE team will continue ongoing efforts to reduce the current number of holdover and month-to-month leases and negotiate lease renewals at market rates.
- For those current holdover and month-to-month tenants that prefer terms of less than 3 years, the Port will adjust the lease to the Monthly Rental Rate Schedule while simultaneously making these sites available to tenants seeking terms of 3 years or more.

- The Port will automate the processes whereby tenants with leases nearing expiration are notified of their pending status and presented with lease renewal options.

Looking beyond the current list of holdover and month-to-month leases, the Port will maintain a standing MOU with DRE for leasing services to provide assistance when future leasing workload indicates temporary third party assistance is needed.

ADDITIONAL POLICY CONSIDERATIONS

As stated above, Supervisor McGoldrick and the Budget Analyst appeared satisfied with the Port's program to review and renegotiate holdover leases at the December 10, 2008 Budget and Finance Committee hearing. They expressed concern about month-to-month leasing practices, especially in the context of Charter Section 9.118. Port staff suggested that a review of Port month-to-month leases and a policy discussion about month-to-month leases with the Port Commission would be appropriate next steps.

Port staff offers the following observations to inform the Port Commission's deliberation on this topic. Port policy is to charge market rent for month-to-month agreements, consistent with the Port Commission's approved Monthly Rental Rate Schedule. Port staff is instituting market rate rent increases pursuant to the holdover and month-to-month leasing project outlined in this report.

Port staff suggests that month-to-month leasing is an appropriate real estate strategy under the following conditions:

1. To obtain interim revenue when the Port Commission has directed Port staff to issue a competitive solicitation or enter sole source or exclusive negotiations for leasing or development of a specific Port property or the Port Commission plans a capital project at a facility that will require tenant relocation. Under these circumstances, entering term agreements with new tenants has the potential to frustrate clearing the property in anticipation of the start of construction.
2. For storage agreements, including fish gear storage, not to exceed \$2,500 per month. Due to the transient nature of storage activities and the modest rent obtained from such leasing, term agreements are difficult to market and provide insignificant financial benefits.
3. For parking spaces, except for parking lots. Parking needs change for any given tenant over time and the Port has limited parking resources to allocate to its tenants, so flexibility in the allocation of these spaces is appropriate.
4. For use of public rights of way. The Port has numerous agreements for the use of public rights of way, including utility easements, curb space (bus parking, etc.), berthing space (not connected to a long-term leased premises), and sidewalk encroachment space (e.g., on Jefferson Street). Given the public orientation of this type of space, term agreements are not appropriate for public rights of way.

5. For use of, or access to, Port-owned equipment.
6. To allow structural, geotechnical or environmental investigation of Port property.
7. For other short-term agreements, such as for construction lay-down purposes, where the precise duration of the activity is unknown, but staff finds that a term lease of three or more years is impractical.

To be responsive to the Board of Supervisors, Port staff recommends submitting to the Budget Analyst this review of the 149 month-to-month leases (which were the subject of discussion at the December 10, 2008 Budget and Finance Committee hearing).

Answering the Budget Analyst's concerns regarding month-to-month leases and Charter Section 9.118 is somewhat more complicated. Charter Section 4.114 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco. Charter Section 9.118 does not preclude the Port Commission from authorizing month-to-month leases and licenses, even if such agreements continue on a month-to-month basis for more than ten (10) years.

One possible option for answering the policy questions raised by Supervisor McGoldrick and the Budget Analyst would be to request that the Board of Supervisors concur with a Port Commission policy describing the conditions under which month-to-month property agreements are appropriate (such as those conditions enumerated above). Such a policy could also include a trigger date for month-to-month leases prompting Port staff to negotiate term leases with Port tenants if they continue to lease on a month-to-month basis for a period longer than a limit specified by the Port Commission (e.g., 5 years).

Prepared by: Brad Benson, Special Projects Manager
Phil Williamson, Development Project Coordinator
Marilyn Yeh, Principal Administrative Analyst

Port of San Francisco
Month-to-Month Leases
as of January 5, 2009

<u>Company Name</u>	<u>Agmt</u>	<u>Start Date</u>	<u>Contract #</u>	<u>Facility Code</u>	<u>On 2007 Hold-over List ?</u>	<u>New Lease Signed/Rent Increase Sent</u>	<u>Status</u>	<u>Comments</u>
Blue & Gold Fleet, LP	000136	06/23/97	12478	1001	N	N	Unassigned	Ferry landing
City of Vallejo	000663	07/01/95	L-12193	1001	N	N	Unassigned	Ferry Landing
Harbor Bay Maritime, Inc.	000884	07/01/95	L-12194	1001	N	N	Unassigned	Ferry Landing
City of Vallejo	000916	08/01/99	12829	1005	N	N	Unassigned	Ferry Landing
Saggers, Keith R	001478	03/01/03	13373	1005	N	N	Unassigned	Curbspace/sidewalk; pedicab operator
Sinbad's Pier 2, Inc.	000583	05/01/02	9968	1020	Y	N	Unassigned - Dev Project	Tenant parking - development project area (DTFT Phase II)
AT&T Communications	000795	05/01/87	11225	1090	N	N	Unassigned Area	Awaiting assignment to holdover project staff, Utility Easement
SFCC Municipal Railway	001855	12/01/04	M-13737	1150	N	N	Unassigned - Dev project area	City Department MOU - development project area (Exploratorium)
Central Parking System	002357	06/01/99	L-12564 (Lot 186)	1155	N	N	Unassigned - Dev project area	Expansion area pursuant to tenant's term lease - development project area (Exploratorium)
Central Parking System	002358	09/30/05	L-12564 (Lot 187)	1170	N	N	Unassigned - Dev project area	Expansion area pursuant to tenant's term lease - development project area (Exploratorium)
SFCC Fire Department	001480	07/01/54	License 501	1225	N	N	Unassigned - SFDD Dev Site	City Department MOU - SFDD to conduct rehabilitation project
Lee, Jay	000280	11/01/00	12976	1260	Y	Y	Assigned - rent increase letter sent	Tenant not interested in a term lease; Rent increased to market effective 12/1/08
Bertucci, Robert	000097	05/01/97	Lic 009	1260	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
Portco, Inc	000254	10/15/00	12999	1260	Y	N	Unassigned	Awaiting assignment to holdover project staff
City Building, Inc.	000003	08/16/99	12808	1260	Y	N	Assigned - in negotiations	In negotiations with holdover project staff
Bugeja, Peter	000103	06/16/00	12956	1260	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
United Parcel Service, Inc.	001421	01/01/03	13409	1260	Y	Y	Assigned - rent increase letter sent	Tenant not interested in a term lease; Rent increased to market effective 11/1/08
Inspection Services, Inc.	001224	03/18/02	13272	1260	N	Y	Assigned - rent increase letter sent	Storage area in support of tenant's adjacent lease premises
Imperial Parking (U.S.), Inc.	001875	02/01/05	L-13544	1260	N	N	Unassigned	Awaiting assignment to holdover project staff
Deman, Russell L. Sr.	002148	07/01/06	14166	1260	N	N	Unassigned	Fishing Gear Storage
City Building, Inc.	001788	08/01/04	L-13675	1260	Y	N	Assigned - in negotiations	In negotiations with holdover project staff
Icy Strait Seafoods, Inc.	002035	12/01/05	14028	1260	N	N	Unassigned	Fishing Gear Storage
Papetti, Sal	001802	06/01/04	13648	1260	N	N	Unassigned - Fish gear storage	Fishing Gear Storage

Company Name	Aqmt.	Start Date	Contract #	Facility Code	On 2007 Hold-over List ?	New Lease		Status	Comments
						Signed/Rent Increase	Sent		
Underwater Resources, Inc	000285	06/01/00	12925	1260	Y	N	N	Assigned - in negotiations	In negotiations with holdover project staff
Underwater Resources, Inc	000273	08/14/86	11138	1260	Y	N	N	Assigned - in negotiations	In negotiations with holdover project staff
Underwater Resources, Inc	000282	09/16/90	11589	1260	Y	N	N	Assigned - in negotiations	In negotiations with holdover project staff
Clark, John Brent	001494	04/01/03	13450	1260	N	N	N	Unassigned - Dev project area	Fishing Gear Storage
SFOC Police Department	001489	03/01/03	MOU 13417	1270	N	N	N	Unassigned - Dev project area	City Department MOU - development project area (Cruise Terminal)
Mediterranean Olive Oil	001516	04/01/03	13447	1270	N	N	N	Unassigned - Dev project area	Unassigned - development project area (Cruise Terminal)
Central Parking System	001515	05/05/03	L-12664 (P27 Apron)	1270	N	N	N	Unassigned - Dev project area	Expansion area pursuant to tenant's term lease - development project area (Cruise Terminal)
Chinese Chamber of Commerce	002048	01/01/06	14048	1270	N	N	N	Unassigned - Dev project area	Unassigned - development project area (Cruise Terminal)
OnCall Storage Corporation	002239	02/02/07	L-14297	1270	N	N	N	Unassigned - Dev project area	Unassigned - development project area (Cruise Terminal)
Central Parking System	000763	09/30/05	L-12664 (Pier 27)	1275	N	N	N	Unassigned - Dev project area	Expansion area pursuant to tenant's term lease - development project area (Cruise Terminal)
Chinese New Year Festival and Parade	000292	04/01/99	L-12752	1280	Y	N	N	Unassigned	Awaiting assignment to holdover project staff
Hodges, Sean	002485	10/01/08	14603	1280	N	N	N	Unassigned	Fishing Gear storage
Mellor, John	000313	07/01/96	12316	1280	N	N	N	Unassigned - Fish gear storage	Unassigned - Fishing Gear storage
Reilley, Steve and Mania	000287	10/15/00	12994	1280	N	N	N	Unassigned	Awaiting assignment to holdover project staff
Rosanne-David	000302	10/13/98	12673	1280	N	N	N	Unassigned	Fishing Gear storage
Seafood Producers Cooperative	000322	10/17/96	12361	1280	N	N	N	Unassigned	Fishing Gear storage
EcoLogic Solutions	002463	08/01/08	L-14517	1290	N	N	N	Unassigned - Dev project area	Former development project area; awaiting assignment to holdover project staff
Project Frog, Inc.	002499	10/01/08	14632	1290	N	N	N	Unassigned - Dev project area	Former development project area; awaiting assignment to holdover project staff
One Reel	001681	02/03/04	13608	1290	N	N	N	Unassigned - Dev project area	Unassigned - development project area (Cruise Terminal)
Pacific Waterfront Partners, LLC	002189	09/15/06	14245	1290	N	N	N	Unassigned - Dev project area	Former development project area; awaiting assignment to holdover project staff
Best Contracting Services, Inc.	002301	07/23/07	14435	1295	N	N	N	Unassigned - Dev project area	Pier 33 roof project contractor
Reilley, Steve and Mania	000571	10/01/99	License	1300	Y	N	N	Unassigned	Patio area in support of restaurant; awaiting assignment to holdover project staff
Impenal Parking (U.S.), Inc.	001587	09/16/03	L-13441 (P30)	1300	N	N	N	Unassigned	Expansion area pursuant to tenant's term lease at SWL 330 - former development project area (Cruise Terminal)

Company Name	Agmt.	Start Date	Contract #	Facility Code	On 2007 Hold-over List ?	New Lease Signed/Rent Increase		Status	Comments
							Sent		
D.F.P.F. Corporation	002343	08/27/07	14454	1310	N	N	N	Unassigned - Dev project area	Port Real Estate to follow up
P & T Flannery Seafoods, Inc. Andre Boudin Bakenes, Inc.	001652	09/23/03	TRF 015	1330	N	N	N	Unassigned	Berthing agreement
	001276	07/01/02	13253	1330	Y	Y	Y	Assigned - in negotiations	Tenant not interested in a term lease; Rent increased to market effective 7/1/08
Best Contracting Services, Inc. Papadopoulos, Philip & Sotina	002302	07/23/07	14436	1330	N	N	N	Unassigned	Pier 33 roof project contractor
	000543	06/01/89	11469	1405	N	N	N	Assigned - completed pending approvals	Port Real Estate to follow up
Nguyen, Nhung	000343	07/01/97	Lic 033	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
Ashwin, Ronald	000325	07/01/97	Lic 040	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
Calvert, Tim	000327	04/01/97	Lic 021	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
Mathes, Robert	000334	04/01/97	Lic 030	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
Collins, Lawrence J.	000330	04/01/97	Lic 026	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
Tarantino, John	000342	03/07/97	Lic 012	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
Fitzpatrick, Richard	000344	04/01/97	Lic 032	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
O'Hara, Tom	000095	04/01/97	Lic 024	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
Mitchell, Michael	000338	04/01/97	Lic 025	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear Storage
He, Cai Chang & Lam, Man Hong	001950	07/21/05	13599	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear storage
Lee, Frank	001647	02/01/04	13598	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear storage
Phillips, James	001638	01/01/04	13581	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear storage
Hunt, Dan & Linda	002015	05/01/05	13775	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear storage
Tarantino, John Paul Jr.	001313	08/01/02	13321	1450	N	N	N	Unassigned - Fish gear storage	Fishing Gear storage
Golden Gate Scenic Steamship Corp.	000578	06/01/00	L-12949	1451	Y	N	N	Assigned - in negotiations	In negotiations with holdover project staff

Company Name	Agmt.	Start Date	Contract #	Facility Code	On 2007 Hold-over List ?	New Lease Signed/Rent Increase Sent	Status	Comments
Caito Fisheries Inc.	001804	09/01/04	13685	1451	N	N	Unassigned - Fish gear storage	Fishing Gear storage
Burchell, Robert	002151	07/01/06	13875	1451	N	N	Unassigned - Fish gear storage	Fishing Gear storage
Stock, Andrew	001682	05/01/04	13620	1451	N	N	Unassigned - Fish gear storage	Fishing Gear storage
H & N Foods International, Inc.	001748	07/01/04	13655	1451	N	N	Unassigned - Fish gear storage	Fishing Gear storage
Scoma's Restaurant, Inc.	000552	9/0/78	9959	1470	Y	N	Unassigned	Awaiting assignment to holdover project staff
Guardino's Souvenir & Gift Shop, Inc.	001809	10/01/04	L-13643	1470	N	N	Unassigned	Awaiting assignment to holdover project staff
Harbor Bay Maritime, Inc.	000510	12/01/96	Lic 035	1480	N	N	Unassigned	Ferry vessel gear storage
StreetLine, Inc	002139	06/01/06	14147	1480	N	N	Unassigned	Port meter project installation by Port contractor
Highland Photographic Laboratories, Inc.	000428	02/01/97	License	1500	Y	N	Assigned - in negotiations	In negotiations with holdover project staff
Crosslink, Inc.	002244	10/24/05	14010	1500	N	N	Unassigned	Vessel fueling license
General Graphics Services	002487	10/01/08	L-14601	1500	N	N	Unassigned	Awaiting assignment to holdover project staff
Affordable Self Storage, Inc.	001911	05/01/05	13814	1500	N	N	Unassigned	Boat storage - at market rate
San Francisco Museum and Historical Society	002022	11/17/05	14035	1500	N	N	Unassigned	Awaiting assignment to holdover project staff
Marlot Ltd	002387	02/01/08	L-14495	1500	N	N	Unassigned	Berthing agreement and related storage
Astro Enterprises, Inc.	001605	10/01/03	13507	1500	Y	N	Assigned - in negotiations	Tenant not interested in a term lease; Rent increased to market effective 1/1/09
Operation USA, Inc.	001674	03/01/04	13611	1500	N	N	Unassigned	Awaiting assignment to holdover project staff
Bay View Boat Club	000408	07/19/84	10832	1505	N	N	Unassigned	In negotiations with holdover project staff
Great American Navigator Inc.	000756	11/01/01	13162	1545	N	N	Unassigned - Dev project area	Development project area (Bayfront park)
Lee, Simon	000491	03/01/93	E-11765	1700	N	N	Unassigned	Awaiting assignment to holdover project staff; Catering truck
SFCC Public Utilities Commission	001137	05/24/90	LETTER	1840	Y	N	Unassigned	City Department MOU; utility easement
SFCC Public Utilities Commission	000858	10/23/01	M-13230	1900	Y	N	Unassigned	City Department MOU; utility easement
Pacific Gas & Electric Co.	001140	09/01/78	10015	1900	N	N	Unassigned	Easement
Hanson Aggregates Mid-Pacific, Inc.	001138	06/01/01	L-13135	1940	N	N	Unassigned	Construction office
SFCC Dept. of Human Services	000600	02/01/01	M-13014	1960	Y	N	Unassigned	City Department MOU at market rate
Curry, Al	001398	12/01/02	13344	1960	N	N	Unassigned	Tenant parking
SFCC Police Department	002230	05/01/06	M-14128	1960	N	N	Unassigned	City Department MOU
Domingue Trucking	000981	02/01/02	13232	1960	Y	N	Assigned - in negotiations	In negotiations with holdover project staff
Visit U.S.A. Bureau, Inc.	000622	11/01/99	12851	1960	Y	N	Unassigned	Bus parking - at market
Ferry Building Associates, LLC	002213	09/15/05	13823	2000	N	N	Unassigned	Ferry Plaza
SFCC Arts Commission	000731	09/08/88	11400	2000	N	N	Unassigned	City MOU for public art
Henriquez, Reinaldo	000631	01/01/94	P-12030	2010	N	N	Unassigned	Awaiting assignment to holdover project staff; pedicab operator
Carmen's Restaurant	000511	03/24/88	11355	2012	N	N	Terminated	Termination in process by RE
U.S. National Park Service	000659	04/01/97	PMT 011	2500	N	N	Unassigned	Historic Ships Pier
Vitruvian Doors & Windows	002416	04/25/08	L-14541	2505	N	N	Unassigned	Awaiting assignment to holdover project staff
Stanton, Michael	000416	08/01/01	13134	2505	N	N	Assigned - in negotiations	Awaiting assignment to holdover project staff
Willie L. Brown, Jr. Institute	002144	06/15/06	14185	2780	N	N	Unassigned	Storage at market rate

Company Name	Acmt.	Start Date	Contract #	Facility Code	On 2007 Hold-over List ?	New Lease Signed/Rent Increase Sent		Status	Comments
Graphics Etc., Inc.	000844	12/01/01	13213	2780	Y	N		Assigned - in negotiations	In negotiations with holdover project staff
SFCC Municipal Transportation Agency	001479	03/01/03	M-13420	2800	Y	N		Assigned - in negotiations	City Department MOU; in negotiations with holdover project staff
Valley Crest Companies, Inc.	002190	10/16/06	L-14263	2800	N	N		Unassigned	Awaiting assignment to holdover project staff
Fisherman's Wharf Restaurant Association	000790	10/01/94	L-12072	3010	Y	N		Unassigned	Triangle parking lot management agreement
Pompei Enterprises Corp.	001913	03/01/05	E-13772	3020	N	N		Unassigned	Curbspace/sidewalk in support of adjacent restaurant lease w/participation rent structure
Castagnola's Restaurant	001588	08/01/03	13524	3020	Y	N		Unassigned	Awaiting assignment to holdover project staff
Hoppe, Arthur N.	000682	02/05/97	L-12398	3030	Y	N		Unassigned	Awaiting assignment to holdover project staff
Leary & Associates, Inc.	001728	06/07/04	License 13641	3180	N	N		Unassigned	At market; Storage closet in support of tenant's office lease.
Leary & Associates, Inc.	001485	03/01/03	L-13430	3180	Y	Y		Assigned - rent increase letter sent	Tenant not interested in a term lease; Rent increased to market effective 4/1/08
Fog City Diner	000508	06/12/85	10974	3190	N	N		Unassigned	Curbspace/sidewalk in support of adjacent restaurant lease
Blue Jeans Equities West & Niner Diner, Inc.	000507	06/13/85	10965	3190	Y	N		Unassigned	Curbspace/sidewalk in support of adjacent restaurant lease
Central Parking System	001878	01/17/05	L-12664 (SWL 324)	3240	N	N		Assigned - performing due diligence	RFP assigned to holdover project staff - performing due diligence
Pacific Bell	000627	12/12/87	11308	3280	N	N		Unassigned	Awaiting assignment to holdover project staff; Utility Easement
Imperial Parking (U.S.), Inc.	000754	12/01/00	LICENSE	3370	Y	N		Unassigned	Bus parking with participation rent structure - development project area (SWL 337)
SFCC Dept. of Real Estate	000616	07/01/99	M-12880	3370	N	N		Unassigned	Parcel transferred to City; City Department MOU allowing Port to execute leases of this future Mbay public svcs parcel on mm basis until needed for City development
China Basin Ballpark Company LLC	002062	01/27/06	14067	3372	N	N		Unassigned - Dev project area	Storage of clean dirt for ballpark events. Development project area (Bayfront park); storage of dirt for ballpark events
Hathaway Dinwiddie Construction Company, Inc.	002355	11/14/07	14486	3430	N	N		Unassigned	Temporary construction staging area
Hathaway Dinwiddie Construction Company, Inc.	002359	11/15/07	L-14490	3430	N	N		Unassigned	Temporary construction staging area
Glenborough San Francisco, LLC	000525	07/12/85	10979	3471	Y	N		Assigned - in negotiations	Landscape requirement for adjacent development. In negotiations with holdover project staff
Buckley, David	000868	12/15/01	13223	3490	Y	N		Assigned - in negotiations	In negotiations with holdover project staff
BAE Systems	001854	01/01/05	13747	3490	N	N		Unassigned	Shipyard storage area
Winkelstein, Barbara	000181	06/01/96	L-12296	3491	Y	N		Assigned - in negotiations	In negotiations with holdover project staff
Tanaka, Jamie Naomi	000241	06/01/96	L-12297	3491	Y	N		Assigned - in negotiations	In negotiations with holdover project staff
Colotti, Linda	000189	03/15/94	L-11887	3491	Y	N		Assigned - in negotiations	In negotiations with holdover project staff
SF Recycling & Disposal, Inc	002484	08/15/08	14530	3520	N	N		Unassigned	Exclusive Negotiating Agreement awarded pursuant to RFP
Maritime Hotel Associates, Limited Partnership	001615	11/01/03	E-13502	4002	N	N		Unassigned - sidewalk permit	Curbspace/sidewalk for Argonaut Hotel

Company Name	Agmt	Start Date	Contract #	Facility Code	On 2007 Hold-over List ?	New Lease Signed/Rent Increase		Status	Comments
						Sent	Sent		
NYSF Partners, LP	002297	08/01/07	E-14437	4002	N		N	Unassigned - sidewalk permit	Curbspace/sidewalk
Crab Addison, Inc.	001251	03/01/02	E-13264	4004	N		N	Unassigned - sidewalk permit	Curbspace/sidewalk
Don Vergilio Enterprises, Inc.	001653	01/01/04	E-13567	4004	N		N	Unassigned - sidewalk permit	Curbspace/sidewalk
Venystate, Inc.	002453	03/01/08	E-14346	4005	N		N	Unassigned - sidewalk permit	Curbspace/sidewalk
Sears, Jeff	000640	03/07/95	PMT 004	4007	N		N	Unassigned	Awaiting assignment to holdover project staff, pedicab operator
CUSA FL	001685	03/18/04	E-12037	4007	Y		N	Unassigned - sidewalk permit	Development project area - Pier 43 Promenade
Rainforest Cafe, Inc.	000810	01/01/01	E-13167	4007	N		N	Unassigned - sidewalk permit	Curbspace/sidewalk
CUSA FL	001687	03/18/04	11990	4008	Y		N	Unassigned - sidewalk permit	Development project area - Pier 43 Promenade
Hillstone Restaurant Group	000496	12/15/97	E-12510	4015	N		N	Unassigned	Curbspace/sidewalk; seasonal use
De Stijl, Inc.	001483	12/01/02	E-13404	4020	N		N	Unassigned - sidewalk permit	Curbspace/sidewalk
Chaya & Associates, Inc.	000499	01/03/00	E-12843	4023	N		N	Terminated	Curbspace use
Delancey Street Foundation, Inc.	001453	03/01/03	E-13414	4027	N		N	Unassigned - sidewalk permit	Curbspace/sidewalk
Sprint Communications Company L.P.	000699	08/23/84	10847	4033	N		N	Unassigned	Awaiting assignment to holdover project staff, Utility Easement
Choi, Ted	002410	12/01/07	14477	4042	N		N	Unassigned	Kayak ramp
California Shellfish Co.	000924		TRF 010	5470	N		N	Unassigned	Berthing agreement
F. Alioto Fish Co.	000925		TRF 011	5470	N		N	Unassigned	Berthing agreement
Scoma's Restaurant, Inc.	000927		TRF 013	5470	N		N	Unassigned	Berthing agreement
San Francisco Bay Railroad, Inc.	001511	04/01/03	13444	6020	N		N	Unassigned	Equipment (Port owned locomotives)
AT&T	000793	05/02/02	AT&T/CCSF	IND0	N		N	Unassigned	Easement/payphone agreement
Next Seafood, Inc.	001877	05/09/95	L-12088	1450	Y		N	Unassigned - fish ice supplier	Equipment (Port owned ice machine)
Pacific Bell Corp. Real Estate	001164		PacBell Pay Phones	IND0	N		N	Unassigned	Easement/payphone agreement



MEMORANDUM

January 8, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney A. Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director *M. Moyer*

SUBJECT: Request approval of an Amendment to the Port's Lease Termination Policy

DIRECTOR'S RECOMMENDATION: Approve Resolution

INTRODUCTION

The current economic climate has prompted Port staff to review the Port policies regarding termination of leases and licenses and rent collection. This staff report describes these policies and recommends an amendment to the Port policy regarding termination of leases and licenses.

LEASE TERMINATION POLICY

On January 27, 1988, the Port Commission authorized staff to terminate Port leases under conditions enumerated in Port Commission Resolution No. 88-16 (see Appendix A). Port staff may terminate leases and licenses under the following conditions:

1. **Long-Term Leases.** Port staff may terminate a long-term lease in accordance with any termination provisions contained in the lease, including non-payment of rent or other default not cured within the period provided.
2. **Month-to-Month Agreements.** Port staff may terminate a month-to-month agreement (lease or license) where staff determines that the property is no longer suitable for the subject use, the property is required by the Port or another tenant for another use, the occupant has violated any agreement terms, or termination is brought about by a bankruptcy court, unlawful detainer action or other operation of law.

THIS PRINT COVERS CALENDAR ITEM NO. 11B

REAL ESTATE COLLECTION POLICY

The Real Estate Collection Policy (Appendix B) contains a description of the following major policies and procedures, which may vary with respect to individual leases:

- Rent is typically due on or before the first day of the month and is delinquent on the second day after rent becomes due.
- As a courtesy to tenants, the Port may provide written notice regarding past due charges (but has no obligation to do so). If the tenant has not paid rent within five days of when rent is due, the Port will send a Delinquent Notice on or about the tenth day after rent is due.
- The Port typically assesses Late Charges calculated at an annual rate of 10% on delinquent amounts. Unless an agreement specifies otherwise, Late Charges are imposed after the fifth day rent is due, and are calculated from the date rent first became due.
- The City Attorney's Office may serve a Three-Day Notice to Pay Rent or Quit on the tenant in possession of a leased premises shortly after the delivery of the Delinquent Notice if not all delinquent amounts are paid. If the tenant does not pay in full within the Three-Day Notice period, the City Attorney's Office may serve the tenant with a Complaint for Unlawful Detainer¹.
- The extension or expansion of a tenant's lease will not be approved if the tenant is in default or is a Habitual Late Payer. A Habitual Late Payer is a tenant who has twice received two or more written notices of monetary default, or has received three or more written notices of default (whether monetary or non-monetary) within a twelve month period.

DISCUSSION

Unfortunately, the current economic climate may result in business failures among Port tenants. The Port is interested in the success of its tenants: while reserving its rights as a landlord under Port leases and the law, the Port often works with tenants in distress to amicably resolve disputes and/or lease defaults.

Past experience indicates that the Port is better served by enforcing its property rights in a timely manner rather than getting involved in protracted bankruptcy disputes. To that end, Port staff attends a monthly Accounts Receivable meeting consisting of representatives of the Real Estate and Finance and Administration Divisions and the City Attorney's Office to ensure that prompt action is taken to collect past due rent.

¹ For tenants not in possession of leased premises, the Port will send a Notice of Belief of Abandonment, typically followed by a Small Claims Court action or a Complaint for Breach of Contract.

Based on consultation with commercial real estate industry representatives such as the San Francisco Chapter of the Building Owners and Managers Association, Port staff believes that there are limited circumstances where early termination of a lease or license in exchange for payment or other consideration made by the tenant may be preferable to a bankruptcy proceeding, particularly for short-term tenancies paying a modest monthly rent. Such early termination should be preceded by inspection of the leased premises, independent verification of a tenant's financial condition, and a determination that early termination is in the Port's best interests.

RECOMMENDATION

Port staff recommends amending Port Commission Resolution 88-16 to provide the Port Executive Director with the authority to terminate leases and licenses to use Port property with a term of less than five years and with a monthly rent not to exceed ten thousand dollars (\$10,000.00), where the Executive Director finds the lease or license is no longer in the Port's best interest and where Port staff negotiate a return of the premises to the Port on terms and conditions that benefit the Port.

Prepared by: Brad Benson, Special Projects Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-04

WHEREAS, Charter Section 4.114 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and

WHEREAS, by Resolution 88-16, the Port Commission delegated to Port staff its authority to terminate rental agreements in cases where any one of the following conditions are met:

- (1) In the case of long term leases, in accordance with any termination provisions contained therein;
- (2) In the case of month-to-month tenancies, at any time staff has determined that :
 - (a) the property is no longer suitable for the use for which it was licensed;
 - (b) the property is required for another use either by the Port or by other tenant(s);
 - (c) the tenant has violated any of the terms of its occupancy;
 - (d) termination is brought about by operation of law (e.g. by order of a bankruptcy court); and

WHEREAS, in limited circumstances, early termination of a lease or license by mutual agreement may be preferable to the expenditure of Port staff and City Attorney resources to recover Port property and delinquent rent through bankruptcy proceedings; now, therefore, be it

RESOLVED, that the Port Commission hereby delegates its authority to the Port Executive Director to terminate by mutual agreement leases and licenses with a remaining term of less than five years and monthly rent not to exceed ten thousand (\$10,000.00) where all the following conditions are met:

- (1) Port staff has independently verified the tenant's financial condition;
- (2) Port staff has inspected the subject property, made a record of the condition of the property and documented any unfulfilled tenant obligations for maintenance, repair, tenant improvements, removal of personal property and/or restoration of the premises; and

- (3) The Port Director determines in her/his sole discretion that early termination of a lease or license in exchange for payment or other consideration made by the tenant is in the Port's best interests.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 13, 2009.

Secretary

APPENDIX A

Delegation to Staff of Lease/License Termination Authority
Port Commission Resolution 88-16

City and County of San Francisco
SAN FRANCISCO PORT COMMISSION

AGENDA SUMMARY SHEET

SUBJECT: Delegation to Staff of
Lease/License Termination
Authority

Meeting Date: January 27, 1988

Agenda Item No: 4e

Submitted by: Dorothy Schimke
Commercial Property Manager

Res.No: 88-16

AGENDA CLASSIFICATION

<input type="checkbox"/> Executive Director's Report	<input type="checkbox"/> Engineering & Maintenance
<input type="checkbox"/> Finance & Administration	<input type="checkbox"/> Planning & Research
<input checked="" type="checkbox"/> Commercial Property	<input type="checkbox"/> Legal
<input type="checkbox"/> Maritime	<input type="checkbox"/> Other

BACKGROUND:

Included in the Powers and Duties of the Port Commission, as provided in Section 3.581 of the City Charter, are the powers to grant [3.581(f)] and administer [3.581(g)] leases, licenses and other privileges. Although it has been the practice of the Commission to formally approve the granting of leases and licenses, the termination of same has been historically handled by staff, through the City Attorney's office, in accordance with the provisions of each such agreement. For example, when a long-term lease is terminated by the Port for reasons of default, monetary or otherwise, the staff, through the City Attorney's office, has taken whatever steps the lease provided to recover the property, without the necessity of formal action by the Commission. It has been our position that in the approval of the lease containing those provisions, the Commission had already approved termination of the lease under those conditions. Likewise, if a month-to-month tenancy (license) were to be terminated by the Port for any reason, a 30-day notice to quit was sent by the City Attorney's office on the request of the Property department, pursuant to Section 2 of the license form.

Our legal department has recently informed us that it is their opinion that these agreements should not be terminated without Commission action unless the Commission formally delegates this power to staff. In their opinion, this power has already been delegated to staff in the case of monetary issues (including habitual late payment) by this Commission's adoption of the Port's collection policy. However, they advise that staff has no such power in cases of termination for non-monetary reasons.

CONTINUED ON NEXT PAGE

RECOMMENDATION:

Adopt the attached resolution delegating to staff the authority to terminate rental agreements under conditions listed above.

EXECUTIVE DIRECTOR'S
RECOMMENDATION

COMMISSION ACTION
REQUIRED

COMM. ACTION TAKEN

Date: 1-21-88

Approved ☒

Disapproved ☐

Continued ☐

SECRETARY:

E. Day

*Concur with
staff recommendation.
DS*

☐ Motion

☒ Resolution

☐ Ordinance

☐ Information Only

Delegation to Staff of
Lease/License Termination Authority
January 27, 1986

There are several reasons why we believe it is important to continue operating within the existing policy framework. In many termination cases time is of the essence and quick action is necessary to minimize losses. Further, our licenses state, in section 1, that they are made "for a period of time no longer than may be terminable upon thirty (30) days previous written notice to the party using said space." The requirement of prior Commission approval would effectively lengthen the Port's "notice" period (before legal action could be instituted), to 40-60 days, allowing for calendaring delays and for 30-day notice after Commission action. The tenant, on the other hand, would still be able to terminate at its option with simple 30-day notice to the Port.

We therefore request that this Commission delegate to staff the power to terminate tenancies under any of the following conditions:

- (1) In the case of long term leases, in accordance with any termination provisions contained therein;
- (2) In the case of month-to-month tenancies, at any time staff has determined, at its discretion that:
 - (a) the property is no longer suitable for the use for which it was licensed;
 - (b) the property is required for another use, either by the Port or by other tenant(s);
 - (c) the tenant has violated any of the terms of its occupancy;
 - (d) termination is brought about by operation of law (e.g. by order of a bankruptcy court).

CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO PORT COMMISSION

RESOLUTION NO. 86-16

WHEREAS, this Commission is granted by City Charter Section 3.581 the exclusive powers, among others, to grant and administer leases, franchises, permits, licenses and privileges for such development and use as will yield maximum profits to be used in furtherance of commerce and navigation; and

WHEREAS, this Commission has determined that it is in the best interest of the Port, for reasons of expediency and maximizing of profits, to delegate to staff its authority to terminate rental agreements in certain cases; now, therefore, be it

RESOLVED, that this Commission hereby delegates to staff its authority to terminate rental agreements in cases where any one of the following conditions are met:

(1) In the case of long term leases, in accordance with any termination provisions contained therein;

(2) In the case of month-to-month tenancies, at any time staff has determined that:

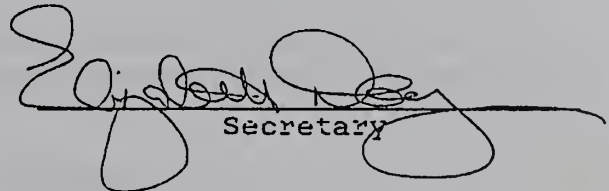
(a) the property is no longer suitable for the use for which it was licensed;

(b) the property is required for another use, either by the Port or by other tenant(s);

(c) the tenant has violated any of the terms of its occupancy;

(d) termination is brought about by operation of law (e.g. by order of a bankruptcy court).

I HEREBY CERTIFY that the foregoing Resolution was adopted by the San Francisco Port Commission at its meeting of January 27, 1988.


Secretary

APPENDIX B

PORT OF SAN FRANCISCO REAL ESTATE COLLECTION POLICY

The policies described herein may not apply to all agreements. The terms of agreements should be reviewed for applicability.

I. POLICY STATEMENTS

- A. Rent is due on or before the first (1st) day of the month, in some instances another date may be specified in specific leases, and is delinquent on the second (2nd) day after rent becomes due.
- B. Late charges will be imposed on delinquent amounts as of the sixth (6th) day following the due date. In some instances, another date may be specified in specific leases.
- C. The Port as a courtesy to tenants may provide written notice regarding past due charges but has no obligation to do so. The Port may not provide notices to tenants for future rent/charges due.
- D. The extension of a tenant's lease or the leasing of additional Port space will not be approved by the Port should tenant be in default or be a Habitual Late Payer as defined in Section V.C. herein.
- E. All tenants are encouraged to contact their respective Property Manager when payment will not be made when due.

II. DELINQUENCIES

DELINQUENT NOTICE

If the tenant has not paid rent within five (5) days of when rent is due, the Port will send a Delinquent Notice on or about the tenth (10th) day after rent is due.

A. TENANT IN POSSESSION OF LEASED PREMISES

1. THREE-DAY NOTICE

The City Attorney's Office may serve a Three-Day Notice to Pay Rent or Quit on the tenant shortly after the delivery of the Delinquent Notice if not all delinquent amounts are paid.

2. COMPLAINT FOR UNLAWFUL DETAINER

If the tenant does not pay in full within the Three-Day Notice period, the City Attorney's Office may serve tenant with a Complaint for Unlawful Detainer.

B. TENANT NOT IN POSSESSION OF LEASED PREMISES

1. NOTICE OF BELIEF OF ABANDONMENT

If the tenant has not expressly given notice that tenant has vacated the leased premises, the Property Manager will send a Notice of Belief of Abandonment to the tenant. If the tenant fails to respond, Port may dispose of the tenant's property in accordance with the California Civil Code.

2. SMALL CLAIMS COURT

If the total balance due on the vacated tenant's account(s) is less than the current statutory amount to file such action, the City Attorney's Office will file and serve a Small Claims Court action against the tenant.

3. COMPLAINT FOR BREACH OF CONTRACT

When the tenant is not in possession of leased premises and the total balance due exceeds the statutory amount for Small Claims Court, the City Attorney's Office will file a Complaint for Breach of Contract.

4. JUDGMENT AGAINST TENANT

If the Port obtains a money judgment in its favor, the City Attorney's Office will enforce the judgment to obtain any assets that the tenant may have.

III. SECURITY DEPOSITS

A. TYPES OF DEPOSITS

All new agreements require that security deposits be in the form of cashier's checks, money orders, or checks subject to verification of sufficient funds, or other forms acceptable to the Port. Third-party checks are not acceptable. Possession of leased premises will not be conveyed until a fully cleared deposit is on file. The Port may require, on a case-by-case basis, additional deposits to be made by the tenant to secure obligations other than the payment of rent.

B. INTEREST INCOME

The Port has no obligation to place any deposit in an interest bearing account, and the Port will not remit to the tenant interest earned on any deposit.

C. AMOUNT OF DEPOSIT

All new agreements will require the security deposit to be an amount at the Port's discretion of not less than two (2) months' rent. Security deposits in an amount greater than two (2) months' rent will be set in accordance with credit

history and/or as determined by the Deputy Director of Real Estate or his/her designee.

D. RETURN OF SECURITY DEPOSITS

At the expiration or earlier termination of a lease and the vacation of the leased premises by tenant, the Port will return the unused balance of the security deposit subject to deductions for repairs, outstanding rent, outstanding bills, other costs arising from tenant's use of the leased premises that landlords are permitted to deduct under the lease and California law.

IV. LATE CHARGES

- A. Late Charges are used to compensate the Port for the loss of use of the delinquent amounts and to reimburse the Port for the administrative costs it incurs to collect these delinquent amounts. Late Charges are calculated at an annual rate of 10% on delinquent amounts or a minimum charge of \$35.00, whichever is greater, unless otherwise specified in the lease.
- B. Late Charges will be imposed after the fifth (5th) day rent is due, unless otherwise specified in the lease.
- C. Late Charges will be calculated from the date on which rent first became due.

V. MISCELLANEOUS

A. PERCENTAGE RENT

In leases where percentage rent is applicable, a charge is assessed when the tenant fails to submit his/her percentage rent report and any percentage rent payment as provided in the lease. The charge will be calculated based on the greater of 1% of the Minimum Base Rent or 1% of the Percentage Rent (using an average of the prior six months), and shall not be less than \$100.00 unless otherwise specified in the lease.

B. NSF CHECKS

A charge of \$50.00, which may be increased from time to time, is assessed on checks returned to the Port due to non-sufficient funds pursuant to the San Francisco Administrative Code. Payment for the NSF check and the charge must be made by cash, money order or cashier's check. Payment by NSF check is considered non-payment of rent and therefore subject to Late Charges.

C. HABITUAL LATE PAYER

1. A tenant will be notified in writing by the Port that the Port considers him/her a habitual late payer for either of the following reasons:
 - a. The tenant has twice received two (2) or more written notices of monetary default (i.e. failure to pay rent), or
 - b. The tenant has received three (3) or more written notices of default (whether monetary or non-monetary) within a twelve (12) month period.
2. A penalty charge of \$50.00 will be assessed upon notification of Habitual Late Payer status.
3. If the tenant is a habitual late payer, the Port may require that the tenant enter into direct electronic payment arrangements and may require payments to be made on a quarterly basis.

D. PAYMENT APPLICATION

1. All payments will be applied against the oldest outstanding invoice first unless otherwise indicated by tenant.
2. The date payment is received by the Port is the date used to determine if a payment is late.



MEMORANDUM

January 7, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney A. Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request Authorization to Advertise a Request for Proposals (RFP)
Soliciting Coastal and Civil Engineering Design Services for the Mission
Bay Shoreline Protection for Bayfront Park Project

DIRECTOR'S RECOMMENDATION: Approve Resolution

INTRODUCTION

Port staff request the Commission's authorization to advertise a Request for Proposals (RFP) soliciting coastal and civil engineering design services for Mission Bay Shoreline Protection work (Project) for a future park (Bayfront Park) to be developed by Prologics/Catellus Development Corporation (Catellus). The parcel is owned by the Port of San Francisco and is leased to the Redevelopment Agency for the term of the Redevelopment area. The proposed RFP will seek engineering consulting services to field investigate, analyze, evaluate, design, assist in making presentations before stakeholders, prepare bid documents, develop a cost estimate and construction schedule, provide construction support, and perform other engineering work as required to complete the Mission Bay Shoreline Protection work for the Bayfront Park.

This work cannot be performed by staff due to the coastal engineering expertise requirement which Port staff lack. The project cannot be contracted out under existing as-needed contracts because the level of effort is expected to cost more than the \$200,000 threshold limit imposed by Section 6.64 of the San Francisco Administrative Code. It is anticipated that the proposed contract will have duration of about 20 months commencing in May, 2009 to December 2010.

This Print Covers Calendar Item No. 12A

BACKGROUND

This proposed Mission Bay Shoreline Protection Project for future Bayfront Park is located in San Francisco's Mission Bay area, east of Terry Francois Boulevard. The Project will rebuild approximately 1000 linear feet of bay shore and slope from the Pier 52 Parking Lot to Agua Vista Park, to allow Catellus to develop and construct Bayfront Park to the water edge.

The Project will be funded by the 2008 Clean and Safe Neighborhood Parks General Obligation Bond (the "2008 GO Bonds"), which was passed by San Francisco voters on February 5, 2008. The 2008 GO Bonds identified a total amount of \$22,100,000 for Blue-Greenway Projects, which includes the Mission Bay Shoreline Projection Project for Bayfront Park. The Project scope includes demolition and removal of existing unstable structures, repair of existing seawall, and rebuilding a stable shore slope with rip rap for wave protection. The Project might provide 3 to 4 lookouts if the lookout construction can be installed within the allocated budget.

On July 8, 2008 the Port Commission approved \$431,063 for the engineering and design service for the Project in the first issuance of the 2008 GO Bonds that took place in August 2008 (Resolution No. 08-58.)

Per Mission Bay South Interagency Cooperation Agreement, signed by the City and Redevelopment Agency of the City and County of San Francisco dated November 16, 1998, the Port is responsible for the reconstruction or rehabilitation of the existing seawall.

SELECTION PROCESS

Port staff proposes to procure the engineering design services for the Project through a formal, fair and competitive process. Port staff will convene a selection panel to evaluate proposals and score the most qualified firm meeting the RFP criteria. The panel will consist of at least one Port staff member and three non-Port representatives. The process will be facilitated and monitored by the Port's Contract Manager as well as its Human Rights Commission (HRC) Contract Compliance Officer.

The final evaluation and recommendation shall be based upon a combination of the proposal and interview scores which will each carry a 50% weight in the evaluation process.

Local Business Enterprise (LBE) Subconsulting Goal

The Port's HRC Contract Compliance Officer has established an 18% LBE subconsulting goal for this proposed contract. In order to be eligible for contract award, each firm responding to the RFP must either meet the 18% LBE subconsulting goal or demonstrate a good faith effort to meet the stated goal. In addition, firms competing for this RFP must demonstrate non-discrimination in their selection of subconsultants.

The Port will incorporate into its advertising, additional outreach efforts to local minority and women owned businesses.

SCHEDULE

On January 5, 2009, Port staff received Civil Service Commission approval to procure these services through a consulting contract.

<u>Activity</u>	<u>Target Date</u>
Port Commission Authorization to Advertise	January 13, 2009
Commence RFP Advertisement*	January 29, 2009
Pre-submittal Meeting	February 12, 2009
Proposal Due Date	March 5, 2009
Interviews	March 19, 2009
Port Commission Authorization to Award Contract	April 14, 2009

*The RFP will be advertised using the following resources:

- Human Rights Commission Directory of Certified Local Business Enterprises
- City and County of San Francisco Office of Contract Administration website
- Port of San Francisco "Doing Business with the Port" webpage
- Plan Rooms (Builder's Exchange, Contractors Information Network, etc.)
- Newspapers (SF Examiner and Small Business Exchange)
- Various Minority/Women Business and Professional Associations

FUNDING

The proposed consulting services are estimated to cost approximately \$400,000 and will be funded by the 2008 GO Bonds approved by San Francisco voters in February 2008 as described earlier.

SUMMARY

Port staff is ready to seek competitive proposals for professional engineering services as described in this report. Therefore, staff request that the Port Commission approve the attached resolution authorizing staff to advertise for competitive proposals soliciting coastal and civil engineering design services for the Mission Bay Shoreline Protection Work for Bayfront Park Project.

Prepared by:	Ken Chu, Project Manager
For:	Ed Byrne, Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-05

- WHEREAS, the proposed Mission Bay Shoreline Protection Work ("Project") is located in San Francisco's Mission Bay area, east of Terry Francois Boulevard and will enhance the future Bayfront Park planned by Prologics/Catellus Development Corporation; and
- WHEREAS, the future Bayfront Park parcel is owned by the Port and is leased to the Redevelopment Agency for the term of the Redevelopment area; and
- WHEREAS, the Project will rebuild approximately 1,000 linear feet of bay shore and slope from the Pier 52 Parking Lot to Agua Vista Park, to allow the future Bayfront Park to be constructed to the water edge; and
- WHEREAS, the Project will be funded by the 2008 Clean and Safe Neighborhood Parks General Obligation Bond (the "2008 GO Bonds"), which was passed by San Francisco voters on February 5, 2008; and
- WHEREAS, the 2008 GO Bonds identified a total amount of \$22,100,000 for Blue-Greenway Projects, which includes the Project; and
- WHEREAS, to implement the Project, Port staff require coastal and civil engineering consulting services to analyze, field investigate, design, prepare bid documents, present designs, cost estimate, schedule, construction support, and perform other work as required to complete the Project; and
- WHEREAS, Port staff obtained approval from the Civil Service Commission on January 5, 2009, to contract with a private engineering firm for these consulting service; and
- WHEREAS, the Port Commission has allocated funding out of the 2008 GO Bonds to pay for the proposed consulting services which are estimated to cost \$400,000 (Resolution No. 08-58); and
- WHEREAS, Port staff have drafted a Request for Proposals ("RFP") to solicit consulting services for the engineering required for the Project; and
- WHEREAS, Port staff has incorporated an 18% subconsulting goal for Local Business Enterprises in the proposed RFP as recommended by the Human Rights Commission (HRC); now, therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes Port staff to advertise a Request For Proposals to solicit consulting services for the Mission Bay Shoreline Protection Work for Bayfront Park Project and to initiate a competitive selection process for contract award at a future Port Commission meeting.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 13, 2009.

SECRETARY



MEMORANDUM

JANUARY 6, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney A. Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer 
Executive Director

SUBJECT: Request approval to award contract for financial advisory services to Public Financial Management, Inc. for \$300,000 with a three year term, and an option to renew for an additional two years.

DIRECTOR'S RECOMMENDATION: Adopt Attached Resolution

Introduction

At its meeting on August 12, 2008 the Port Commission by Resolution 08-054 authorized staff to issue a Request for Proposals to hire a qualified financial advisor to assist Port staff with debt financings, financial planning, debt management and other financial advisory services as needed. Staff held a competitive selection process that resulted in a recommendation to award a contract to Public Financial Management, Inc.

The proposed contract is for an original term of three years, with an option to extend the term for an additional period of two years, which the Port may exercise in its sole and absolute discretion. The proposed maximum contract amount is \$300,000 aggregated over the maximum five year period, with an initial budget of \$100,000 from the FY 2008-09 Port operating budget. Port staff intend to request the remaining \$200,000 in subsequent annual operating budgets through FY 2013/14 to fund this contract. The actual amount of funds requested annually will depend on the availability of monies to annually fund the contract, and a determination by Port staff of the expected level of financial advisory services needed.

THIS PRINT COVERS CALENDAR ITEM NO. 13A

Background

On April 25, 2006 the Port Commission adopted the Port's first ten-year capital plan. The purpose of the plan is to identify the major maintenance and capital improvement needs of the Port's facilities, prioritize capital projects, and identify potential funding sources. These maintenance and improvement projects will bring the facilities up to current building code standards, including seismic requirements. The most recent annual update to the plan was adopted by the Port Commission on February 28, 2008. The plan identifies \$1.9 billion in improvements; approximately \$804 million of which are expected to be funded through a combination of the Port's operating budget, future Port revenue bonds, Port tenants, public/private development projects, and Infrastructure Financing District bonds. An update of the plan is expected to be presented to the Port Commission at its February 10, 2009 meeting.

Port staff anticipates issuing new debt after the current 2004 Port Commission Refunding Revenue bonds are repaid on July 1, 2009. This anticipated new financing will be the first of several debt issues that are expected over the next several years. The net proceeds from these new financings will be used to pay for a portion of the projects identified in the ten-year capital plan.

The financial advisors will assist Port staff in obtaining financing at the lowest practical interest cost by providing the Port with specialized skills not possessed by Port staff including: extensive experience in, and an expert understanding of, municipal bond financing and issuance, bond sizing and structuring, and bond pricing. The advisors will also provide an understanding of current capital market conditions, access to bond trading desks at investment banks, and other expertise that will assist staff in formulating financing strategies and plans intended to meet the Port's objective of funding its capital and other needs in a cost effective manner.

Proposed Contract Scope of Services

The following is a description of services that the financial advisors will provide to the Port under the proposed contract.

1. Provide assistance with the timing, sizing and structuring of bond financings. Help Port staff to determine the most appropriate method of sale (competitive or negotiated), and assist in developing syndication policies and any other matters that will meet the Port's objective of obtaining the lowest practical interest cost and the widest competition of purchasers for its securities.
2. Assist Port staff with presentations to credit rating agencies, underwriters, institutional investors, credit enhancers (if applicable), and other capital market entities, as needed.
3. Provide the Port with an analysis of the benefit of credit enhancement, such as bond insurance, letters of credit, and liquidity facilities.

4. Assist Port staff with the selection of underwriters, and the review and evaluation of all underwriting bids submitted. Assist in re-allocating principal amounts as required to meet the Port's objectives, and confirm terms with the winning bidder.
5. Provide advice and assistance to the Port on reinvestment strategies for bond proceeds, bond reserve and other funds associated with each bond financing.
6. Assist Port staff in the preparation and review of all legal and financing documents in coordination with the City Attorney and other relevant parties.
7. Provide assistance with the development of a financing plan for the Port's ten year capital program, including developing financial models to evaluate financing alternatives.
8. Provide information, judgments, and forecasts on general economic and capital market conditions. Review new financial products and techniques and advise Port staff on their suitability for use by the Port.
9. Assist Port staff in estimating the amount, timing and volatility of tax increment funding to be generated from proposed development projects, and provide assistance with the evaluation of various financial aspects of developer proposals.
10. Assist Port staff in developing debt and financial derivatives policies.
11. Perform other financial advisory services as may be required from time to time.

Discussion

The following is an overview of information about the selection process, the recommended firm, Local Business Enterprise (LBE) participation and proposed fees.

Selection Process

The Request for Proposals (RFP) was issued on August 29, 2008. A pre-proposal meeting was held on September 15, 2008 with representatives of sixteen (16) firms in attendance. Six firms submitted proposals by the proposal due date of October 6, 2008. However, four out of six of the respondents did not comply with the San Francisco Human Rights Commission (HRC) Local Business Enterprise (LBE) participation requirements. As such, the RFP had to be re-issued October 21, 2008. The same firms responded to the reissued RFP by the new proposal due date of November 3, 2008. The Port's HRC Contract Compliance Officer verified that all six of the submitted proposals met the LBE participation requirements.

Selection Panel

A four member selection panel was composed of one Port staff member from the Planning and Development Division, the Director of the City's Office of Public Finance, one member of the Finance Department from the San Francisco International Airport, and one member of the Finance Department from the City of Livermore, California. The financial analyst from the Port's Finance Department, the Port's Contract Manager, and

the Port's HRC Contract Compliance Officer facilitated and monitored the selection process.

Evaluation Criteria

The written proposal phase of the evaluation process was weighted at 40%, and the interview phase was weighted at 60% of the total points.

The respondents were evaluated using the following criteria for both the written and interview phases of the selection process:

1. Qualifications of the "principal-in-charge", the individual with the overall responsibility for providing the financial advisory services under the contract. Qualifications evaluated included experience and expertise relevant to the Port, size and complexity of financings completed, and creative ability.
2. Qualifications of the other key professionals assigned to the Port. Qualifications evaluated included experience and expertise relevant to the Port, size and complexity of financings in which the key members participated, along with their specific role.
3. Other experience and abilities of the respondent including: i) their experience with other U.S. Port, California tax-exempt, and City & County of San Francisco issuers; ii) their experience with tax- increment bond issues; and iii) their written communication skills.
4. Knowledge of municipal capital market conditions and trends.
5. Ability to meet the Port's needs including: i) ability to make recommendations that are appropriate to the Port; ii) creative ability of the respondent; and availability on short notice of the "principal-in-charge", and other key members of the respondent.

Pursuant to RFP requirements, the selection panel short-listed and interviewed the top four ranked firms from the written proposal phase of the selection process. After the interview process, the final evaluation scores resulted in the following ranking of the firms (See Exhibit 1: Final Scores and Ranking):

<u>Final Ranking</u>	<u>Name of Prime Consultant</u>
1	Public Financial Management, Inc.
2	First Southwest Company
3	Scott Balice Strategies
4	Sperry Capital Inc.
5	Grigsby & Associates
6	Northcross, Hill & Ach, Inc.

The Port issued a Notice of Intent to Award on December 8, 2008 indicating the intent to recommend to the Port Commission award of the contract to Public Financial Management, Inc.

At this time, Port staff has negotiated the fee and secured the requisite insurance documents from the top ranked firm, Public Financial Management, Inc.

Company Information for the Recommended Firm

Public Financial Management, Inc. (PFM)

Founded in 1975, PFM is the nation's leading provider of independent financial and investment advisory services. The firm is headquartered in Philadelphia, Pennsylvania and has 400 employees located in 33 offices nationwide. PFM's San Francisco office has 27 employees and serves as the firm's West Coast headquarters. The firm has substantial seaport experience, and has provided financial advisory services to the Jacksonville, Florida Port Authority; Port of Tacoma; Virginia Port Authority; and Port of Los Angeles among others. PFM is also currently providing financial advisory services to the City and County of San Francisco, and the San Francisco International Airport.

Proposed Fees:

Port staff has negotiated a flat fee of \$55,000 for all services materials and related resources to be provided to the Port in connection with the upcoming debt issue. Other services will be billed on a time and materials basis. The contract is recommended for award based upon a not to exceed amount of \$300,000, subject to funding availability.

Local Business Enterprise (LBE) Participation

Public Financial Management, Inc. has selected the firm of Backstrom McCarley Berry & Co., LLC as their LBE participant and partner for their proposal. PFM has committed to an LBE participation goal of 40%, and the firm will manage the assignment of work and coordination of duties so that the 40% LBE goal is achieved. In addition, the Port's project manager will review and approve all work plans and will monitor the services provided to ensure that the 40% LBE goal is met.

Recommendation

Port staff recommends that the Port Commission adopt the attached resolution authorizing award of a contract for financial advisory services to Public Financial Management, Inc. for a term of three years, with an option to extend the term for an additional two year period with the amount not to exceed \$300,000.

Prepared By: Lawrence Brown, Financial Analyst, and
Norma Nelson, Port Contract Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-06

- WHEREAS, A financial advisor is needed to assist Port staff in the issuance of new debt and in the formulation of financing strategies and plans intended to meet the Port's objective of funding its ten year capital plan in a cost effective manner, and to provide other financial advisory services as may be required by the Port from time to time; and
- WHEREAS, Port staff obtained Civil Service Commission approval on July 7, 2008 to contract with a private financial advisor for financial advisory services; and
- WHEREAS, The Port Commission at its August 12, 2008 meeting authorized staff under Resolution 08-054 to advertise and issue a Request for Proposals ("RFP") for financial advisory services, and thereafter Port staff issued such RFP; and
- WHEREAS, The Port Commission has allocated \$100,000 in its FY 2008/09 operating budget to provide initial funding for the proposed financial advisory services, including the cost of all financial advisory services, materials and related resources to be provided to the Port in connection with an anticipated upcoming debt issue; and
- WHEREAS, The remaining \$200,000 authorized under said contract is subject to authorization by the Port Commission and appropriation in subsequent Port annual operating budgets through FY 2013/14; and
- WHEREAS, Port staff received six proposals for financial advisory services submitted in response to the RFP, and formed a selection panel of qualified professionals to evaluate the proposals; and
- WHEREAS, Port staff concurs with the selection panel's determination that Public Financial Management, Inc. is the highest ranked; and, therefore, the most qualified, responsive respondent pursuant to the RFP criteria; and
- WHEREAS, Public Financial Management, Inc. has selected the firm of Backstrom McCarley Berry & Co., LLC as their Local Business Enterprise sub-consultant participant, and made a commitment of 40% Local Business Enterprise sub-consultant participation; and
- WHEREAS, Port staff recommends the award of a contract to Public Financial Management, Inc. for financial advisory services for a term of three years, with an option to extend the term, in the Port's sole and absolute discretion for an additional two years, and for an amount not to exceed \$300,000; now, therefore, be it

RESOLVED, That the Port Commission hereby approves the award of a contract for financial advisory services to Public Financial Management, Inc. for financial advisory services for an amount not to exceed \$300,000 for a term of three years, with an option to extend the term for an additional period of two years, in the Port's sole and absolute discretion, for a maximum term of five years.

I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of January 13, 2009.

Secretary

Exhibit 1

RFP for Financial Advisory Services Final Scores and Ranking

Written Proposal

Firm Name	Raw Score	LBE Credits	Subtotal	Adjusted Score*	Weight	Weighted Score
Public Financial Management, Inc	344	0	344.00	86.00	40%	34.40
First Southwest Company	336	0	336.00	84.00	40%	33.60
Scott Balice Strategies	296	0	296.00	74.00	40%	29.60
Sperry Capital	280	0	280.00	70.00	40%	28.00
Grigsby & Associates	238	23.80	261.80	65.45	40%	26.18
Northcross, Hill & Ach, Inc.	249	0	249.00	62.25	40%	24.90

Interview

Firm Name	Raw Score	LBE Credits	Subtotal	Adjusted Score*	Weight	Weighted Score
Public Financial Management, Inc	345	0	345.00	86.25	60%	51.75
First Southwest Company	301	0	301.00	75.25	60%	45.15
Scott Balice Strategies	279	0	279.00	69.75	60%	41.85
Sperry Capital	270	0	270.00	67.50	60%	40.50
Grigsby & Associates	n/a					0
Northcross, Hill & Ach, Inc.	n/a					0

Total Combined Scores

Firm Name	Written	Interview	Combined Total	Ranking
Public Financial Management, Inc	34.40	51.75	86.15	1
First Southwest Company	33.60	45.15	78.75	2
Scott Balice Strategies	29.60	41.85	71.45	3
Sperry Capital	28.00	40.50	68.50	4
Grigsby & Associates	26.18	0	26.18	5
Northcross, Hill & Ach, Inc.	24.90	0	24.90	6
Maximum Combined Score			100	

Footnote

* Adjusted to 100 point maximum for each phase of the evaluation pursuant to the RFP.

**MEMORANDUM**

Date: January 6, 2009

To: Tina Olson, Director Administration & Finance, Port of San Francisco
Lawrence Brown, Financial Analysts, Port of San Francisco
Norma Nelson, Contract Administrator, Port of San Francisco

From: Selormey Dzikunu, Contract Compliance Officer, HRC

Subject: Award Eligibility Memo for Port Financial Advisory Services RFP

The HRC has reviewed the written proposal and interview score sheets and is confirming the Port's tabulation of the scores for the above referenced RFP.

The written proposal scores and rankings were the basis for the selection of the four highest ranked firms in the table below for oral interviews. The written proposals represent 40% of the total scores and the interviews represent 60% of the total scores.

Below is a table summarizing the final rankings:

Firm	Written Proposals =40%				Oral Interviews =60%			Final Score	
	Raw Score	LBE Bonus Points	HRC Adjusted Score	Rank	Raw Score	Rank	Total Weighted Score	Normalized Score	Rank
Public Financial Mngt. Inc.	344	0	344	1 st	345	1 st	344.6	86.15	1 st
First Southwest Company	336	0	336	2 nd	301	2 nd	315.0	78.75	2 nd
Scott Balice	296	0	296	3 rd	279	3 rd	285.8	71.45	3 rd
Sperry Capital	280	0	280	4 th	270	4 th	274.0	68.50	4 th
Grigsby & Associates	238	23.8	261.8	5 th	Not Shortlisted	N/A	104.72	26.18	5 th
Northcross, Hill & Ach, Inc.	249	0	249	6 th	Not Short Listed	N/A	99.6	24.90	6 th



As indicated in the table above, Public Financial Management Inc. (PFM) is the highest ranked proposer.

PFM met the 20% LBE goal by listing the following HRC-Certified firm:

LBE Subconsultants	Service	Participation
Backstrom McCarley Berry & Co.	Pricing, Credit Strategy and Rating Agency presentation.	40%
TOTAL		40%

PFM has met all Chapter 14B pre-award requirements and as such is eligible for the award of this contract.

This memorandum supersedes all previous memos on this subject.

Please notify me when contract negotiations are concluded. In the meantime, if you have questions, or if I can be of any further assistance, please do not hesitate to contact me at 274-0511

SAN FRANCISCO PORT COMMISSION

**JANUARY 13, 2009
MINUTES OF THE MEETING**

GOVERNMENT
DOCUMENTS DEPT

FEB - 6 2009

MEMBERS, PORT COMMISSION

HON. RODNEY FONG, PRESIDENT

HON. STEPHANIE SHAKOFSKY, VICE PRESIDENT

HON. KIMBERLY BRANDON

HON. MICHAEL HARDEMAN

HON. ANN LAZARUS

SAN FRANCISCO
PUBLIC LIBRARY

**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING JANUARY 13, 2009

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:05 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman, Ann Lazarus and Stephanie Shakofsky.

2. APPROVAL OF MINUTES - December 9, 2008

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. The minutes of the December 9, 2008 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:07 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER.

- a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1 case)(Discussion and Action):

- Macor, Inc., Cornerstone Properties II S, LLC, and Walden Mission Bay I LLC v. City and County of San Francisco, Port of San Francisco, State of California, State Lands Commission, et al. (San Francisco Superior Court, Case No. CGC07-460994)

Proposed Action: Approval of conditional settlement agreement between Macor, Inc., Cornerstone Properties II S, LLC, Walden Mission Bay I LLC (collectively, "Plaintiffs"), the State of

California and the City and County of San Francisco which requires the following: (1) that the parties agree, and shall enter a judgment with the Superior Court stating, that title to the disputed portion of Texas Street between 16th and 17th Streets (the "Property") is vested in Cornerstone Properties II S, LLC and Walden Mission Bay I LLC in fee simple absolute; (2) that the parties apply to the California Court of Appeal for an order vacating the Superior Court's judgment, statement of decision, order granting and denying in part motions for summary judgment/adjudication, and minutes and late tentative ruling denying Plaintiffs' motion to enforce the injunction; (3) that the parties shall use their best efforts to reach agreement on the form of joint application to the Court of Appeal, and on the settlement agreement, by 5:00 pm on January 13, 2009; (4) that the City and State of California shall receive no additional payments from Plaintiffs for the Property pursuant to the rights asserted in the settlement agreement of March 1, 2006 between the City and Macor, Inc.; (5) that the City shall retain all funds paid to the City by Macor, Inc. under the settlement agreement (approximately \$395,000); (6) that Plaintiffs shall release the City and the State of California from any liability for legal costs awarded by the Superior Court (approximately \$9,500); (6) that all parties shall each be responsible for their respective legal costs and fees; (7) that this settlement agreement shall be null and void unless the City obtains all necessary approvals, and Court of Appeal grants the joint application for vacation of the lower court's judgment, statement of decision, order granting and denying in part motions for summary judgment/adjudication, and minutes and late tentative ruling denying Plaintiffs' motion to enforce injunction; and (8) if the State Lands Commission fails to approve this settlement by its meeting of April 2009, Plaintiffs may withdraw from the agreement.

- (2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

This session is closed to any non-City/Port representative.*

- a. Property: Piers 19-23
Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate and Peter Dailey, Deputy Director, Maritime
*Foreign Trade Zone #3: Ray Lynch
- b. Property: AB 0201, Lot 013 also known as Seawall Lot 351 (Washington Street at the Embarcadero)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties:

- (1) Dhaval Panchal
- (2) San Francisco Waterfront Partners, Simon Snellgrove

5. RECONVENE IN OPEN SESSION

At 3:25 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong made a motion to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commissioner Fong made a motion to disclose an item of approval and turned it over to General Counsel to read the item for the record.

Port General Counsel Robert Bryan reported that the following motion was unanimously approved by the Port Commission in executive session:

(a) Authorize the Executive Director and the City Attorney to negotiate and execute a settlement agreement with Macor, Inc., Cornerstone Properties II S, LLC, Walden Mission Bay I LLC, and the State of California consistent with the terms of the conditional settlement stated in agenda item (1)(a) of the Commission's Executive Session of January 13, 2009 and with the following additional terms:

- (1) that all rents owed under the settlement agreement dated March 1, 2006 will be postponed until 30 days after the Court of Appeals ruling on the joint application, but shall no longer be due or owed if the court grants the joint application;
- (2) that Macor, Inc. shall maintain in place the insurance required by the settlement agreement dated March 1, 2006 until such time as that agreement is terminated or expires; and
- (3) that if, prior to April 30, 2009, either the City or the State disapproves or rejects this proposed settlement agreement or fails to obtain all necessary approvals, this settlement agreement shall be null and void; and

Authorize the City Attorney to recommence litigation if the parties are unable to negotiate and execute a settlement agreement that is substantially in conformity with the settlement terms required by this motion.

ACTION: Commissioner Fong made a motion to not disclose any other information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Election of Port Commission Officers

Commissioner Kimberly Brandon turned over the gavel to Commissioner Rodney Fong.

Commissioner Fong opened the floor for nominations of Port Commission President.

Commissioner Brandon nominated Commissioner Fong as President of the Port Commission; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor.

Commissioner Rodney Fong was elected President of the Commission.

Commissioner Fong thanked his fellow Commissioners for their vote of confidence and look forward to working closer with Port staff.

Commissioner Fong opened the floor for nominations of Port Commission Vice President.

Commissioner Hardeman nominated Commissioner Shakofsky as Vice President, a person with a history of tenacity and energy, reaching consensus on many complicated issues. Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commissioner Shakofsky was elected Vice President of the Commission.

Commissioner Shakofsky thanked her fellow Commissioners and thanked Commissioner Hardeman for the wonderful introduction. She looks forward to working with everybody and looks forward to a productive year.

Commissioner Hardeman indicated that this is a wonderful time because all of the sitting Commissioners have either been Vice President or President. It's good for the Commission to have the sharing of power.

Commissioner Fong commented that it's kind of like all the presidents getting a photo together in the White House.

B. Executive Director's Report: Executive Director Monique Moyer reported the following:

Ms. Moyer thanked Commissioner Brandon for a really tough year. Her work as a president may not be apparent in the Commission room but she had attended at least 300 meetings last year alone. In her leadership, we've had one of the most remarkable years ever for the Port and that is the successful passage of Proposition B in February and Proposition D in November 2008. She will always be proud of that because it was not something that she even dared to do more than dream about 45 years ago. We could not have done that without Commissioner Brandon's leadership and we couldn't have made many of the policy we've made particularly in the southern waterfront without her incredible commitment. She thanked her so much. She welcomed Commissioner Fong. It's going to be a wild ride. She also welcomed Commissioner Shakofsky. We need all their collective expertise as we have several big RFPs in the horizon to kick off the year. We have a very challenging budget this year, next year and the following year and who knows what other things are going to come our way. It feels a little dejavu to 2004 in that respect. She thanked all the Commissioners for their continued service and willingness to be engaged and active in the Commission. For the people in the audience who have called the Commission over and over and always received returned phone calls, she hopes they join her later privately in thanking them for their service. Even if you don't always agree with them, they are very much available and very proud to serve the public.

- Emerald Bowl Update – December 27, 2008 at AT&T Park – this was the 7th Emerald Bowl at AT&T Park. It was the most incredible Emerald Bowl game to date which served the Port and the city very well. It was held the Saturday after Christmas, on December 27, 2008 at 5 p.m. which is a slot time that was awarded by ESPN. It shows her how important the game is to ESPN that we got one of the best slots. We got the slot where there was no other competition in terms of any other football game. It turned out, unexpectedly, to be a big college match up between Cal Berkeley and the University of Miami. The game went down to the final minutes. The game turned out to be everything you could ask for. Some points of interest: It's the largest crowd ever at AT&T Park. If you were at the game, the outfield was filled with bleachers so there were more seats than is available at a baseball game. The crowd was recorded at 42,268 attendees. They all emptied out into Port property. Many of them parked on Port property. Lots of them indulged on Port property. We would like to have a repeat of that over and over again. It was fantastic. ESPN indicated that 4.5 million households watched the game. She has to figure out how to convince the Giants to change the name of the ballpark to the Port of San Francisco Giants at AT&T Park on Port property. Nonetheless, it was 4.5 million households who got to look at not only the beautiful ballpark but also at the fantastic looking Pier 48 across the way. It's the 8th most watched college football game ever recorded in history. It was the 2nd most watched game of the Bowl Games for 2008. The Board of Supervisors will

also commend Gary Cavalli, the Executive Director of the Emerald Bowl and his board, which includes her. It's the kind of event you want to see on Port property especially in that time frame when it's quiet around here. We were thrilled and there were no security challenges unlike New Year's Eve where there were several security challenges. Thankfully, the SFPD responded to them with their usual care. SFPD has a practice of requiring all Veteran cops to be on duty for those type of events. It is estimated that the crowd that ended up in the tragedy at Bart was on our property for quite a bit of time. There were some difficulties even then. We're very fortunate to have the SFPD to help us.

- Bode Gravel Green Award – Bode Gravel has received an award from the National Ready Mix Concrete Association (NRMCA). Bode's Port of San Francisco plant is the first plant in California and the sixth in the nation to receive the NRMCA Green Star certification. It has to do with affirming or certifying that the concrete practices are environmentally friendly. Bode Gravel was recognized for a number of things which include their already existing environmental practices. One of the main critical aspects of it was their installation of a 450,000-gallon stormwater retention system. Something that our own environmental specialist, John Mundy, has spent much of his career at the Port promoting something that is required in our stormwater management guidelines. We are proud that it is seen on a national basis as a green movement. We commend Bode Concrete for that. That's one of many awards they've won to date.
- Annual Crab Feed and Silent Auction - The annual crab feed and silent auction will be held on February 5, 2009 at the Franciscan Restaurant at Pier 43½. The Fong family is being honored as owners of the renowned Was Museum for its contributions to the rich history of Fisherman's Wharf, which is a tremendous feat. They are the first non-Italian family in Fisherman's Wharf. She congratulated Commissioner Fong, his parents, and grandparents. We will be there to support him and encouraged everybody to attend. It's a fun event.

8. CONSENT

- A. Request authorization to Dispose of Surplus Equipment – Gantry Cranes 6 & 32 and the remains of Crane 34 at BAE Systems San Francisco Ship Repair located on Pier 68. (Resolution No. 09-01)
- B. Request approval to extend Exclusive Negotiations for One Month, with a One Month Extension Option, for a Construction Materials Recycling Center for Seawall Lot 352 with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. (Resolution No. 09-02)
- C. Accept report on the Contracting Activity Quarterly Report – Fiscal Year 2008/09; Second Quarter Period September 1, 2008 to December 31, 2008.

- D. Request authorization to issue Letter for Temporary Expanded Permissible Uses at Pier 2 for Ferry Plaza Limited Partnership, a California Limited Partnership, Lease No. L-13832. (Resolution No. 09-03)

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Items on the consent calendar were approved. Resolution Nos. 09-01, 09-02 and 09-03 were approved.

9. PLANNING & DEVELOPMENT

- A. Informational presentation by the Department of City Planning regarding the Eastern Neighborhoods Master Plan. (Verbal Report)

David Beaupre, Planning and Development, introduced John Lau from Supervisor Maxwell's office, Ken Rich and Steve Wertheim from the Planning Departments who will provide the Commission a brief overview of the eastern neighborhood planning process. Port staff has been trying to get in front of the Commission for a number of months. We'd hope to have this presentation earlier but with the eastern neighborhoods planning process going to the Board, there was a conflict between the Board meeting and the Commission meeting. Ken, John and Steve will provide an overview of the planning process and the impacts and effects on Port property. Port staff have been coordinating closely with the Planning Department and other city agencies for a number of years on the eastern neighborhood planning for about ten years and that we will continue to coordinate with the planning staff and other city agencies as appropriate, specifically as it relates to how the eastern neighborhood plan affects or impacts the Pier 70 area adjacent to the central waterfront and Potrero neighborhoods, how the transportation issues relate to the eastern neighborhoods in Port property and how the open space planning within the Port jurisdiction impacts the eastern neighborhoods.

John Lau, Supervisor Sophie Maxwell's office, indicated this project was approved by the Board of Supervisors in December 2008. The eastern neighborhoods effort represents one of the most challenging and comprehensive planning projects that the city has tried to digest in some time, 20 perhaps even 30 years not just due to the large geographic area covered by the plan but also because the wide range of diversity of issues that had to be adjusted throughout the process that included a discussion of how much space San Francisco should retain for light industrial operations and activities that need a buffer from residential users, for areas that begun to or already have transitioned from industrial uses in southeast part of San Francisco to a mixed use residential context, how we support the establishment of truly high quality and livable neighborhoods. More importantly, what development rules do we craft that will ensure that new development contribute significantly yet fairly to a robust public benefits program. Finally, what are the elements of the public benefits program from affordable housing to transportation system upgrades and enhancements to our open space portfolio. With so many

issues to sort and so many stakeholders to be heard from, it's no wonder that the project became a ten year effort. He's happy to report that Supervisor Maxwell is very proud of the final product. She sees it as a well constructed body of work containing many new, exciting ideas around mixed use zoning and both public and private financing tools. Most importantly, the plan struck the right balance between the many often competing objectives that were part of the plan discourse. In terms of process, the project took shape over almost ten years. Through that time period, there were hundreds of public meetings of all shapes and sizes. Over the past year and a half alone, there were dozens of hearings at the Board's Land Use Committee and one can make the case that the land use committee's deliberations during that time period represent one of the highest levels of engagement on one particular project that the committee has taken up in anyone's recent memory. As far as the Port's specific issues, you can be rest assured that there was active dialog between Port staff and the Planning department such that the new land use controls adopted in the plan largely acknowledge and respect the context of lands under the Port's jurisdiction. There's much to do in terms of tracking the progress and implementation of the plan. There were also likely to be some clean-up required. The supervisor remains committed to this work throughout the duration of her term in office. More broadly, she, as always, will stay focus on development and change issues in the southeast part of San Francisco that includes major Port projects in the central and southern waterfront. He thanked Planning staff and the work of the Planning Commission on this Herculean effort and he thanked the Commission for the opportunity to address them.

Steve Wertheim, City Planning Department, indicated that this has been a 10-year planning process. The goals were mainly to create new zoning controls in the industrial areas of San Francisco and create plans and policies to support complete neighborhoods in those areas that are transitioning to residential. The plan was necessary because of the outdated zoning plan from the 1950s that was very permissive and combined with the dot.com and the housing bubbles created a huge impetuous for development which led to ad hoc and incompatible industrial neighborhoods. The industrial uses were rapidly being displaced with new residential areas that lack neighborhood amenities and had a lot of conflicts.

He showed a map of historic industrial lands in the city. The published area on the eastern neighborhoods of the city is where historically are the industrial lands based on the industrial background of San Francisco but as the economy shifted to office and service economy, the lands were slowly turned over to other uses. In the South of Market and Hunter's Point, development is changing.

The industrial areas of the city are mostly at Bayview. The Bayview plan was approved last year through the City. The eastern neighborhood plan came on its heels a few months later. Now all the industrial lands in the city have been

rezoned. Planning efforts were done at the eastern half of SOMA, Mission, Showplace Square and the Central Waterfront.

The goals of the plan are:

- Encourage new housing at appropriate locations and make it as affordable as possible to a range of city residents
- Plan for transportation, open space, community facilities, and other critical elements of complete neighborhoods
- Reserve sufficient space for production, distribution, and repair activities, in order to support the city's economy and provide good jobs for residents
- Take steps to provide space for new industries that bring innovation and flexibility to the city's economy

Until the last couple of months, the city, in a heartbeat, could have been filled with housing and office development. As the economy changes, we have some land. Once you make something residential, it will never be anything else. We wanted to make sure that there's some flexibility with the land going forward.

This process started in the late 1990s when there was a debate about the best uses for city's industrial lands. The economy had changed. Conflicts were occurring when there was existing industrial and conflict with office and residential. In 2001, the community-based rezoning efforts commenced. It took until 2005 to start working on the EIR because of the economic downturn and there wasn't any money to do these efforts and other political reasons. In 2006, they started work on the actual area plans and the zoning. Last year was the big year. They were initiated by the Planning Commission which means they start the official hearings to adopt the plan. In August, the Planning Commission unanimously passed the plan. In December, the Board of Supervisors unanimously approved the plan. On December 19, 2008, it was signed into law by Mayor Newsom. This law goes into effect next Monday, January 19, 2009.

They held hundreds of public meetings. There were over 60 public hearings at the Planning Commission and the Board of Supervisors. The plan was coordinated with the Port, MTA, Mayor's Office of Housing and other agencies. All of the different agencies had an active role. They are all part of the implementation of the plan. It's not all about planning department and zoning, there's also lots of different efforts to build affordable housing, to reach out to workers who do transportation that require the input of these agencies. Instead of trying to do a planning process and telling them, it was much more successful to engage the agencies the whole time.

The results of the plan are as follows:

- Amendments to the City's General Plan
- Four new area plans: East SoMa, the Mission, Showplace Square/Potrero Hill and Central Waterfront. Those plans spell out the goals and policies more distinctly for each of those neighborhoods
- Comprehensive planning code and zoning map amendments intended to codify Area Plans' goals and policies
- Innovative Affordable Housing Strategy
- Program-level CEQA clearance for development projects
- Public benefits program
- Implementation program

Previously, all the Port land was zoned M2 which is the heaviest industrial zoning. At South of Market, they changed the district to that as already been developed as the South Beach neighborhood to represent that. They changed the neighborhood to be called Downtown Residential South Beach, basically it's a zoning that reflects what's already on the ground. If you move into the Central Waterfront, in the northern half, there's Pier 70 and the Mirant. They didn't rezone those areas because they are respecting the areas that are going on there. There are Port activities in the southern portion of the city. M2 zoning is the best zoning for the very heavy industrial uses that are currently there. They didn't rezone too much of the Port property. Adjacent to that was the central waterfront. They changed the zoning for the northern half to reflect the proximity to Mission Bay. It allows housing but it also allows biotech and medical offices; things that will play off a new hospital. In the southern half, they have a new zoning called PDR (production, distribution and repair) zoning. The PDR zoning, for the first time, create a zoning in the city where there is no housing or office development allowed. If you're going to be an industrial use in the City, this is the place where you need to go. You don't have to worry about conflicting with new housing or new office or to keep land values at a reasonable price because these are not uses that can spend a lot of money for land.

If you look at the northern part in SoMa, the heights were developed to reflect existing uses there. They worked with the Redevelopment Agency to coordinate the heights that made sense. If you go to the central waterfront the most pronounced change is that along Illinois Street, they raised the heights from 40-50 feet to 65-68 feet to reflect more opportunity in that area especially as Pier 70 is developed.

In 1990, 12% of the city was zoned for industrial uses. Now after rezoning efforts in both the eastern neighborhoods and in Bayview, 6% of the city remains to be zoned industrially. While that is a small percentage of the city, they have created stricter zoning controls so that these are real industrial areas and not areas open to housing or office. These are real industrial protection zones.

Ken Rich, Planning Department, indicated that the area plan calls for one new open space per neighborhood at a minimum. The central waterfront and the eastern SoMa area are close to the Port and they agreed early on that open spaces that are part of the Port could be used toward a portion of the neighborhoods' needs. Port staff agreed with this model. They agreed that any impact fees we may see in the future that's a little bit speculative in terms of how much the fees will be and when they will come in. Impact fees from the development of these neighborhoods can go partially to the Port to help develop those spaces. There are several open spaces that the Port is planning from the Brannan Street Wharf to the Crane Cove open space in the proposed Pier 70 development and Warm Water Cove. These are all areas that can serve the eastern SoMa and the central waterfront neighborhoods and they agreed with Port staff to work together as those are developed and find funding from the eastern neighborhood funding sources to make those happen.

In terms of heights at SWL 330, the Watermark building is zoned at 200 feet. The rest of SWL 330, which is bounded by the Bayview and Brannan, was zoned at 105 feet. As they looked at the heights for eastern SoMa, they agreed with Port staff that 105 feet is the appropriate zoning for the rest of that parcel. In the area plan, which is a part of the city's general plan and state's policy around different development issues, there are some points made and again by agreement with Port staff, about how SWL 330 should be developed in the future. The first was that the existing surface parking should be replaced with up to two new residential towers. In between the area of the two towers, 5-8 story podium development would be appropriate with design features that engage Beale and Brannan Streets and bring the development up to the street with operable window, doorways, stoops and things that create a townhouse effect along those streets. The development should respect the visual terminus of Beale Street at the bay. The southern most corner of the site should be free to air and light. The area plan that the Board of Supervisors adopted includes these guidelines which are fairly general and will allow for a lot of flexibility in the future development on the site.

The Planning Department and Port staff have collaborated around Pier 70 for quite a while. They raised the allowable heights along the edge of Pier 70, along Illinois Street, to forecast or presage the new and more intense development on Pier 70. They decided that it made sense to defer to the Port's ongoing Pier 70 process. They did not change land use controls or height controls on Port property regarding Pier 70 or on the Mirant site because they expect some changes to occur through the planning process.

The community stakeholders in the central waterfront and Potrero Hill have always been concerned about not having too much R&D and heavy duty office development and the central waterfront neighborhood are fairly receptive to Pier 70 being a place where that can happen. That is consistent with some of the planning that the Port has been doing. The Planning Department staff expects to keep working closely with Port staff as the Pier

70 planning process is finalized. They need to create specific controls and take it to the process. They will be there to help David Beaupre and others to make that happen.

Corrine Woods indicated that she's been engaged in this process for ten years. It's incredibly helpful it has been that the Port staff was able to engage in this process and how much they appreciate David Beaupre's work and other Port staff who attends the millions of meetings. It's important to reiterate what Ken talked about i.e. when you triple residential density in a formerly industrial area, you have to create complete neighborhoods. You can't just prop down housing. Even the Planning Department's own study showed that open space was really important. They figure out how to pay for it even with impact fees. There's so many places those impact fees will have to go. The City is depending a lot on Port open space projects to create livable, workable open spaces. They are going to engage with the Planning Department to make sure that there is money to open and maintain them because the Port does not have any money. This is something that we have to keep working on. It's not a done deal. The zoning is done. Since the land use is now done, we have to make a mark.

Ernestine Weiss, an open space advocate, indicated that she applaud all the efforts going into this because this is important. This is the last frontier of any huge size that the city has to plan and finalize a wonderful area.

Neighborhoods are very important. We need housing. There are no housing available for teachers, firemen, police, and union people. They have to live in the hinterlands. Where are they going to be when we have an emergency? It's important that they be given priority to live there. She thanked everybody who was involved in the millions of meetings. The neighborhoods have been heard. It's wonderful that the people had good input and that they are listened to. This is so important to make the city successful.

Jim Salinas, Sr., native San Franciscan, congratulated the new Port Commission officers and thanked Commissioner Brandon for doing a great job during her presidency. He's raised four kids and bought a home in San Francisco. He's been fortunate. He has a number of members who will speak to the Commission. They are very concerned and very scared as well as they should be. They've never seen anything like this. They are coming here because the Commission can make a difference. They have a great many San Franciscans out of work. One of the great community benefits that anybody can provide when they are doing something relative to projects in the city is putting San Franciscans to work. They are the ones that generate the local economic engine. He spent 99.9% of every dollar he's ever earned in San Francisco. He wants to make sure that businesses are doing well. He wants to make sure that his fellow San Franciscans are doing well. He implored upon the Commission that every project that they can get ready, that they think about the union members. There are a couple of members who will be speaking later. They've turned their lives around, they've done very well. They bought a home and are raising their family in the Mission District. He is

concerned that some of their members are close to losing a house in San Francisco. That would be tragic and unfortunate. He begged the Commission to do anything they can do to move these projects. Let's make it a better year for folks.

With regard to the eastern neighborhoods, Jeffrey Leibovitz indicated that those of them who have worked on this for the last ten years encouraged the Commission to go along with the Planning Department's proposals and what the Board of Supervisors have recommended. This has been a long, arduous process. He can't tell the Commission how many meetings they have gone to; how much participation there has been; how many deals have been struck but this is probably the best thing that San Francisco has seen for planning for the eastern part of the city and its history. He asked the Commission to approve the plan.

Ms. Moyer clarified that this is an informational item and the Commission is not required to take any action.

Commissioner Lazarus thanked Supervisor Maxwell's office and the Planning Department for the presentation. In particular for what seem to be model collaboration among departments which she's sure was critical in getting this done. She appreciated the respect that they showed for the work that the Port has done and for the ability to integrate it. She's certain that this will facilitate what the Port is trying to do in this part of the city.

Commissioner Brandon echoed Commissioner Lazarus's comments and to let us know if there's anything that the Port can do to help this plan move along.

Commissioner Hardeman commended them for a good job.

B. Informational presentation by Port Staff and Two Potential Developers for the 2/3 Acre Mixed-Use Development Opportunity at Seawall Lot 351 (Embarcadero at Washington) (includes AB 0201, Lot 013).

Kathleen Diohep, Planning and Development, congratulated Commissioners Fong and Shakofsky and thanked Commissioner Brandon. At its December 11, 2007 meeting, the Port Commission received an informational presentation by San Francisco Waterfront Partners ("SFWP") regarding a concept for combining SWL 351 with an adjacent site as a mixed-use development project. In February 2008, Port staff provided an informational presentation of the Port's options for SWL 351 which included offering SWL 351 for development by competitive bid or responding to SFWP's proposal by initiating a sole source negotiation. Port staff recommended offering SWL 351 for development by competitive bid after undertaking a community outreach process to determine development criteria for the site. With a series of community meetings, Port staff worked with the Northeast Waterfront Advisory group and came up with a set of vision and an outline for what would

the Port want to realize for this extraordinary well located site with some awkward sizes, with the sewer line running through it and a need to support parking for the success of the Ferry Building. The Port Commission authorized staff to issue a RFP for this site with a specific set of criteria and objectives. The RFP was widely advertised in the real estate industry. It received a lot of press and got advertisements in local real estate blogs. We had two bidders' conferences. Approximately 150 people downloaded and reviewed the RFP. The deadline for that submittal was October 30, 2008. At that point, we only received one proposal which was from SFWP. Staff had been hearing that other people were looking at it and wanting to propose. We issued another RFP on November 10, 2008 with a deadline of December 19 2008. The Port received two proposals for the site: (1) from SFWP proposing to include SWL 351 with the adjacent site; and (2) from a hospitality partnership led by Dhaval Panchal. Unfortunately, at press time last Thursday, Dhaval Panchal withdrew their proposal. Staff are now looking at one proposal for SWL 351.

To give the Commission a sense of what the options and challenges are about building on the Port site alone, Ms. Diohep provided the Commission an outline of what was proposed by the Panchal group who was looking at building a hotel at the site. The proposal was for an 8-story hotel project, which would have essentially filled the whole site. They were proposing a top floor restaurant, one level of subterranean parking, a level of ground parking and 200+ hotel rooms. Staff didn't go far in analyzing their proposal because they withdrew their proposal. They withdrew the proposal because one of their equity investors backed out of the project. They felt they couldn't continue to move forward. About a week ago, staff asked them to provide additional information clarifying more back-up. As we were doing that investigation, it was part of what brought the decision to pull back. In their proposal, they talked about the quality of this location, why this is an interesting and exciting place for a hotel on the San Francisco waterfront. Hotel Vitale has done well. This is an interesting use that we would raise for this site.

Ms. Diohep explained why from Port staff's perspective we've only received one proposal for this site. When the RFP was sent out again, over 200 people looked at the RFP. A number of people talked to staff and downloaded the information. The recognition was if you take 2/3 of an acre and add it to the 2.2 acres, you have one super block and more is possible and knowing that the adjacent site was in a place of moving forward and could possibly come forward with a proposal that was more synergistic. That is a reason that is fundamental to this site rather than at this point of the market cycle or the economy that led to the Port receiving one proposal. We could possibly build on this site alone. The question is what's the best option for the Port? As we move forward, we want to look at these proposals, how we best meet the Port's objectives and what are the next steps. At this point staff have not completed the full evaluation. This is an informational presentation. This is a chance for SFWP to present their proposal to the Commission and hear

community comments and for Port staff to be in a position to be informed by this presentation, listen to any comments and discussions and receive direction from the Commission of how they want things considered. Staff will be moving forward with the full evaluation against the criteria and the RFP. Even though we only received one proposal, we still have to evaluate and see if it meets our objectives and whether the Port wants to go forward.

Simon Snellgrove pointed out that they are not Simon Snellgrove, they are Pacific Waterfront Partners. His partner is Alicia Esterkamp and the California State Teachers' Retirement System (CalSTRS). They are very much part of the development of this waterfront. Of all the things they've done, they consider the Piers 1½, 3 and 5 the most relevant. He pointed out that Piers 1½, 3, and 5 was the last project that was approved on the waterfront. That was in 2001 in the middle of the dotcom crash. They are well experience in managing crashes. At that time, vacancy in the city has risen to 20%. Former rents have crashed from \$100 to \$25 a foot and some of the Commissioners very much doubted whether they would get it done. Through the Commission's good grace, expert staff and a lot of fabulous public/private partnership they formed with the Port, they got it done, albeit 6 years. Eight years later, they are proposing another project. This crash is somewhat worse than 2001 but they are confident that with a partnership with the Port, they will again get this project done.

In the previous proposal, the Commission saw a somewhat "false" story leading thinkers both the private and the public sector, notably the Planning Commission and the Port Planning staff that it was a little bit too false. After carefully considering the leading architects in this city, they selected Craig Hartman of SOM. Craig is recognized as one of the leading architects in the world. Since then, they've spent 18 months completely redesigning the project, working with neighbors, talking to club members and club owners. Craig will present the results today. Craig, in turn, brought on board Pete Walker, which Craig refers to as one of the world's dean of landscape architecture and Craig will spend a lot of time designing the public open spaces. The site in question is SWL 351. They have had an option on the balance of the land for the past three years and have been working to convince the Commission and the general populace that it is in the best interest of the community, the City and the Port to combine these sites. There is a lot of talk about taking away recreation and open space, relatively, the non-tennis private recreation area relative to the size of the land. A tennis court is 7,200 sq. ft. which is seldom used and accommodates up to 4 people when it is used. They don't think it's the best use of urban recreation space and they will try to prove that case today. Their proposal will demonstrate that a better balance is available on this land by balancing the needs of the club members and the public and the neighborhood. They will discuss this overall concept. The photograph he showed makes the case for why they think combining the site with their land and SWL 351 is the best solution for this project. Over 50% of the land area will be dedicated to recreation and public open space; more than three times the land area of SWL 351 which is

currently occupied by a surface parking lot. The residential buildings that contain south of Jackson in the shadow of the high-rise buildings, leaving all of the land north of Jackson for recreation and public open space. The views of the water are preserved for the residents of the Golden Gateway Commons. They think it responds to the public's desire for more public recreation space and for the club's desire for the majority of the club members for more non-tennis recreation space. It creates the most viable means for the Port to recognize the maximum economic benefit. He showed a slide that reiterates the objectives. It has the main six points that were set forth in the RFP. By the end of this presentation, they hope they will demonstrate that they will exceed the goals of the RFP which were lofty.

Craig Hartman, design partner with Skidmore Owings Merrill and architect for this project indicated that we are in an extraordinary moment in time in history with the opportunity to transform one of the city's most important pivotal sites with landmark architecture and open space. If you look at the site and look back, the stage has been set for them by the Redevelopment Agency and this development and more recently by an act of God 20 years ago in which the elevated freeway was removed from our presence. This has set the condition for us today, which is exceptional. Not to equate the two authorities but the Redevelopment Agency and God have repositioned us with a good opportunity everyday with an incredible site. This is arguably, one of the most important civic boulevards now in the country. It's a great place, gracing the waterfront of a great world-class city and deserves landmark architecture as well as public spaces.

Public parking is a critical part of the waterfront to support the activities but not surface parking lot. It's important to accommodate this appropriately in this project to support activities of the Port. They also know that given their re-opened public space, this edge is not appropriate. They don't want to have a place that is not lively and does not present a sense of inclusiveness and social vitality along our most important part of the waterfront. They have a great opportunity to define this site in a way that is appropriate for San Francisco in the 21st century. They think that is a role that they can begin to mend the void that exists in our waterfront. If you look at the current street wall along the SF waterfront, the site across is a void. They have an opportunity to complete this edge and very importantly to also create a new public open space. Like all public open space along the waterfront, they will have art. They have an opportunity to create a very important new work of public art as part of the public open space as part of this project. Equally important is the reconnection of the waterfront with the northeast neighborhoods. Their proposal is to do this by first reinforcing Washington Street and secondly to introduce new connections. The first of which, moving northward from Washington, is the Jackson Commons. He showed a picture of the view from Drumm Street looking over to Embarcadero and above that is a grand new park, a neighborhood scaled park called Pacific Waterfront Park that would likewise bring a scale of open space to this neighborhood that is very much needed. The conditions of access by vehicles and by

pedestrians and bicycles, their proposal is to completely focus pedestrian access around the perimeter of the project and to refocus the vehicular access along Washington Street. There will be a curb drop-off at Washington and a public parking entrance at Washington Street allowing them to have the rest of the area unencumbered by vehicles. There will be an active social and pedestrian connection around the site and providing at this location a secured, covered enclosed place for bicycle commuters to store their bicycles within this project. They are removing one existing curb cut on Embarcadero so they will be able to mend the ribbon fabric and create a place that is very conducive to pedestrian life.

The program objectives include public open space, recreation, public parking garage to support the Port and the ferry development, retail and residential. Beginning with the most important piece from an urban fabric perspective is the public open space. Starting from the north, the new Pacific Waterfront Park would be of neighborhood scale linked through the existing Drumm Street but widened Drumm Street garden walk to the new Jackson Commons. If you're looking back from the north and south, you see the neighborhood scale park in the foreground, the Drumm Street garden walk and the recreation court in one story and the residential development which steps up to the south. The park in some detail will be anchored on the south side by a restaurant. There have been discussions with the operators of the Bistro Chalet to operate the new Park Chalet at this location, anchoring, animating and giving security to the south part of this park. They proposed to create a secure edge so that children can play in this park without venturing in the street under supervision but a place that is secure for the neighbors and younger children who will occupy the park. This is a social gathering place for the neighborhood. Going to the south along the Drumm Street garden walk, it will connect to the Jackson Street Commons. The intention is to extend the garden park by 30% to make it a wider, more gracious park setting.

The Jackson Street Commons would be an extension of the park, providing outdoor seating for a café which will anchor the corner. This will net together the urban fabric in a very positive way. The recreation club will be an important part of the recreational amenities for the neighborhood.

Simon Snellgrove showed a rendering of the recreation facility. They've held over 30 meetings. They've been at this project for 3½ years, long before they came to the Port Commission. One of the things they tried to do in those meetings with the owners and managers of the club, members and neighborhood is come up with a way to have this club transition to serve more of the greater neighborhood than just the club members. In the area at the termination of the Jackson Street Commons where it meets the Embarcadero, they have placed a café which would be shared by the club members but it will be open to the public. Adjacent to it, instead of the solid green wall of the tennis court fences, they've used the edge for the exercise room for the club much as the Bay Club does further down the Embarcadero at Battery Street. Unfortunately, there has been a lot of misinformation and mistruths spread

around about the project that they are taking away open space and recreation space. These numbers are verifiable and factual. The 9 tennis courts that are there are not the best use of the land. There are about 20+ tennis courts within 1.5 mile by the Bay Bridge that cannot seem to get enough membership and managed by the same people that manage the club. They reduced the number of tennis courts to 4. They increased the indoor private fitness area from 7,500 to 13,500 sq. ft. feet. They increased the outdoor pools and private recreation area from 9,000 to 13,000 sq. ft. The total private recreation area has gone from 77,000 to 53,000 sq. ft. However, they took the public recreation and office space area, which was virtually non-existent, at 1,500 sq. ft. and increased it to 28,000 sq. ft. which provides better areas for children's programs and neighborhood's use. In total, they've taken the total public recreation and private recreation area from 78,000 sq. ft. to 81,000 sq. ft. He pointed out that 81,000 sq. ft. is over three times the area of Block 351. If people say, they are taking away open space and recreation, he would refer them to this slide. The club management and members of the club did not want the public "walking through" their clubs. They originally had the fitness club located in the building itself. So they had to relocate the club house to the north. It would give them an open edge but it resulted in, because of maintaining some tennis courts, the swimming pools being located on the one level above the actual fitness area. They are very patient. They've been here for a long time. They are very dedicated to continuing to work with the neighbors. They want to meet with all of the people who would like to have an input on how they would like this recreation facility to work. They want to work with Port staff and the neighbors to make this the best recreation facility and public open space in the city.

Mr. Snellgove indicated that we all know about the public garage and we all know about the waterfront. They are passionate because they are also neighbors. They are the stakeholders at Piers 1.5, 3 and 5 and are dedicated waterfront rats. The parking is huge for them. In order for the Port to be able to provide the ferryboat expansion of the ferry terminal and for various BCDC reasons, a lot of the parking is going away. There have already been 92 parking spaces at Pier ½ that were removed. The Port's minimum requirement was for them to provide 90 spaces. By combining these sites, they are prepared to develop 250 parking spaces. Of the 306 spaces going away, they would be in a position to replace 250 of those spaces. Throughout this country and the world, the number one reason for the failure of public markets is lack of parking. As a huge stakeholder in the waterfront, if the farmers market fails due to lack of parking, the retail will fail. If the retail fails, the office rents will plummet. The Port values will plummet and they will fail in their attempt to revitalize the waterfront. They are making a huge investment, a 250 car garage that cost about \$36 million to build. This is how serious they are about this waterfront. Anybody that says that the people will do their bulk shopping or chefs from restaurants will do their bulk purchasing which the farmers need to survive is simply not getting it. It doesn't work without parking. That is his impassioned plea.

They've redesigned the pedestrian entrances which are on the top which will service the club and the public. There are pedestrian entrances which will service the farmer's market parking and they managed to isolate the vehicular entrance as far away from the Golden Gate residents as possible. On restaurants and retail, restaurants are the heart and soul of an urban neighborhood. Retail is the heart and soul of an urban neighborhood. They provide places where people can congregate, meet and a center for exchange in the community. They have gone to the greatest extent they can to put publicly accessible restaurants at the base of the project. They've made the entrance so it could be used in outdoor seating in the winter and in the cold summers. The café will be shared by the club. In this plan, they've managed to get visitor serving retail and restaurant facilities in as many places as they can in addition to the private club.

Craig Hartman indicated as you look back down on the site from the water, they've heard about the advantages from public benefits perspective of combining these sites. From the perspective of design, they think it offers tremendous opportunities. In the plan view, you can see that the residential portion of the project is designed in two blocks that are running from north to south and between these is a garden which extends the full length of the site with an entry court directly off Washington Street. This is a terrific opportunity to create a project that has been mentioned before that has its northern edge only at Jackson Street as opposed to continuing on as a seawall site does. This allows keeping a very minimal footprint to create a project that steps down from the tall buildings of the financial center of the city to the northeastern neighborhoods with the one story club and finally culminating in the park; likewise, the other way, from Davis Court towers down toward the waterfront, they are stepping as well. Looking back Embarcadero from the water's edge looking back to the City, you can see the Davis Court tower. They are using the City Planning's recommended 84 feet height for this development. They are making a terrace step in one story along Embarcadero and further they are breaking up the mass of the street wall. They are separated by seams which will be defined by teak wood. The other proposal that was presented earlier, if one were to take that scheme, it would extend about 50 percent further to the north at the same height of 84 feet. For them, the great advantage is they were able to condense the length of these to a much more delicate and shorter length. Looking back from Washington and Sue Bierman Park back to the project, the two narrow ends, are broken up and steps down with terraces and the rooftop steps down toward the Port. Looking back the other way, they are presenting the narrow ends of this project to the neighborhoods to the north. The architecture of this building, they are striving a landmark architecture. Rather than using the glass box approach, they are using a limestone to define the major parts of the building, deeply recessed windows that will create light and shadow and trimming these windows with teak wood so that this will be a project that very much communicates with us as human beings, using natural materials in ways that the materials will age gracefully and have a graceful patina. He showed the details of the windows. There will be French balconies that the residents can

open up and step onto the balconies to create a pedestrian scale kind of building fronting the waterfront. This will be a state-of-the-art sustainable work of architecture. They are pushing as far as they possibly can, certainly one measure of this is the Gold LEED Standard that they will apply to this building. Beginning from the top, from the water system, green roof to help reduce the surcharge in the winter and protect the bay, to use a high performance glass system and shading devices and use geothermal for cooling the building. This will be a building which has a very minimal footprint not only physically on the site but also a minimal ecological footprint which is critical as we think about our City going forward in this century.

Mr. Snellgrove indicated that the Ferry Building waterfront area public garage is one of the clearest benefits to the Port and the community. They have offered well above market place land price. They've offered participation rent in the garage and the restaurant at Pacific Waterfront Park and 28,000 of open space with a pledge to maintain in perpetuity at no cost to the Port. They will build a sustainable park - 81,000 sq. ft. of recreation and open space over 50% of the land area. Retail and restaurants further animating and securing the neighborhood and the potential for the Port to realize up to \$60 million in tax increment bond financing to assist the Port in meeting its capital. All of the property taxes could be joined from their land to the Port land and put into a tax increment bond financing. They have a proven commitment to the waterfront. There has been speculation in the press and the City that may be this is not the best time in the economic cycle to bid this project out. 120 people looked at it and they are apparently the only one left standing. Given State Land's restriction on this site, this site could only be a hotel as the highest and best use without an exemption from State Lands. They are proposing to solve it by swapping the land which is occupied by the park and paying for this land and giving the Port the land again for residential which is the highest and the best economic use. In the event that they are forced to develop the land without Block 351, it would be even more difficult for other developers to develop Block 351. They think that further explains why other people didn't bid. No matter what part of the economic cycle we're in, they don't think that the Port can attract other bidders on a stand alone basis with anywhere near the financial benefits that they have offered. It's extremely costly to respond to an RFP. They have many good sophisticated colleagues in the development business in this city who knew that they would be up against somebody who could combine the sites. The fact that people didn't bid on the stand alone site, he thinks it has to do with the economic cycle as much as it has to do with the comparative viability of a stand alone site. While the economic climate is worse than it was in 2001, they believe in the right place in the cycle, it will take them until mid-2010 to complete the entitlement process and draw the drawings. It would take approximately two years to build the project. This would put them in the market in the middle of 2012 which is four years since the recession occurred. They believe that they are in the right part of the cycle and this is the right time to do this project. They believe sufficiently that if they aren't able to combine the sites, they will move with the project for the land that they owned. They don't think it will be

easy. They sincerely hope that they have the Port as partners. It would be hard work but they will get it done.

Kathleen Diohep indicated that staff are not yet presenting the business terms such as the exact rent, the deal structure because that's what staff will be analyzing in the next six weeks or so. We are reviewing the proposal, we are underwriting the financial wherewithal of the partners, of the proposal in a way that we can show the Commission our options. We are also going to use a technical panel to score this process. The Port put out the objectives, did we meet those objectives? We will present that back and assuming that we move forward, the next potential action would be staff will come to the Commission asking for an authorization to award this development opportunity to SFWP and to authorize staff to negotiate an exclusive negotiation agreement which is the first step in the process of getting through the entitlement process. It will probably take until the middle of 2010 to get through the entitlement process. There will be many points in the process that staff will be back in the Commission. There will be points where the Board of Supervisors will review the project. State Lands will review the project and there will be points for public comments along the way. She acknowledged members of the Northeast Waterfront Advisory Group and that they will be discussing the proposal on February 4, 2009. The community is welcome to attend the meeting. The advisory advises, discusses it and sometimes in that type of a setting which is a little bit less formal, more ideas and more cross fertilization comes forward. That's the next presentation and time to discuss this proposal. Staff will be putting a staff recommendation for the Commission at its February 24, 2009 meeting.

Toby Levine congratulated Commissioners Fong and Shakofsky. Ms. Levine indicated that she feels that this project has made enormous steps since the last time they saw it. First in the delicacy and interest as far as the architecture is concerned and the way the open space has been revised. SFWP and the architects need to be commended for that. The way the current situation is now, there is a high, off putting fence which separates the pedestrians and the public from that space. They've tried very hard to make one have the sense that the privatized open space is actually somewhat public, which is a good step. Secondly, she asked the architects to take a careful look at the frontage along the Embarcadero particularly when we move along from the club house down the street. Some previous proposals have excluded the public from the Embarcadero. The café would be somewhat of a help. Hotel Vitale can be considered as a model. Even though you are not going there to drink, there's a feeling that you're participating in some way because it is open. She noticed that around the City, in particular the waterfront, there are few facilities for young children. This might be a good opportunity to put a nice top lot at one part of the open space. The only one we have at the waterfront is at the ballpark. That might be a great benefit for families with children that come to the waterfront. There is an enormous progress in the project and the fact that it would be a LEED Gold is a big thing to consider.

Janet Griggs, Board President of CUESA, indicated that they support this project not just because it provides them with something that they see is essential to the continuing growth and success of the farmer's market which is the parking but also because it provides the market with potential shoppers. Having a residential project across the street is positive and preferential to a hotel. As much as we like tourists in town, they do not provide the kind of support the farmers need. She knows that many people come to farmers market and see a barrage of people. If you look closely, those people are not overwhelmed with shopping bags and purchases. They are out there enjoying many of the qualities of the Ferry Building but they are not supporting the farmers. Having residents so close is essential to their success. She hopes it were true that a retail operation can survive without parking but we cannot wish away reality. CUESA is very much a supporter of this project. She appreciates what SFWP has already contributed to the Embarcadero and they hope to see this as an additional contribution.

John Fa, Golden Gate Swim and Tennis Club Member, indicated that he is a frequent user of the swimming pool and the fitness centers but a less frequent user of the tennis courts. The add-on membership is a bit above his weekly allowance. Having the opportunity to see today's presentation, he expressed his support of SFWP. It's an excellent utilization of the existing parcel and he's constantly frustrated with the existing fitness center from showers not working to the deterioration of the facility. It's a long overdue upgrade that will benefit not only club members but the broader public. If anybody has been to the Park Chalet on a Sunday afternoon and have seen an opportunity for kids to be out playing, what a wonderful amenity that would be on this side of the city. It gets good weather and it would be a fantastic opportunity to bring families back to downtown.

Dick Glumac, former tennis player and member of the Golden Gateway tennis club, indicated that since 1985, he took up windsurfing and sailing and gave up playing tennis because things change as you get older. He's known Mr. Snellgrove for many years. Therefore, anything he touches turns out to be a good and viable project. He urged the Commission to approve this project and get on with it.

Bill Sauro, President of the Barbary Coast Neighborhood Association, represents about 5000 residents and businesses in the area. Many years ago, the Embarcadero freeway was a horrible wall separating the Embarcadero and the waterfront from the City. Their problem and the problem of their members is that this project is still too large. 94 feet is still a huge mass on the Embarcadero, that's the height with the air conditioning towers of the proposed building. We captured the Embarcadero and the waterfront and now we will put this massive residential complex right in the middle of it again. It's like another freeway and he does not think it's good for the City. In addition, if you hand the project over to the SFWP, it's basically a sole project. It's a one bidder. It's not a competitive situation and he's not sure

whether the terms that the Port will be getting are 100% of what they could be. Some caution is needed at this point. The Port needs to take a big look at this project and think about the entire area. The area around the Ferry Building could be the City's gathering place like Millennium Park in Chicago and SWL 351 could be an integral part of that. He urged the Port to take some caution and some time on this.

Charlotte Mayfield, Golden Gateway resident, indicated that she plays tennis a lot. SWL 351 should have a gas station on it not a huge structure that Mr. Snellgrove is proposing. A gas station is badly in this area. This is such a small area, 2/3 of an acre, and he's proposing to build a huge structure. He is alone in the bid. He could do whatever he wishes. He bought the property from the owner of the property, Mr. Tim Fu. This club is the most wonderful place in the world because it has two beautiful outdoor swimming pools on the ground level. It's beautifully landscaped. They have 9 tennis courts. It would cost \$140 to join the club and \$88 monthly fee. She does not think that's too much money for many people. She lives on the 10th floor and it is one of her great delights that she does not have to climb to the roof to go swimming. There is already a huge garden space and a green land. She does not exactly know all the various things that Mr. Snellgrove is proposing but the restaurant would be nice. She does not mind sharing a restaurant with anybody.

Ernestine Weiss indicated that her career has been in real estate. In her entire life, she's never seen a worse project than this. This is the wrong place, the wrong time, the worst plan. We don't need condos. There are a million of condos going up around here such as the Rincon Hill. They don't have garages. People want to walk to work. No cars - that's the whole idea. There's enough congestion on the waterfront, especially with the Exploratorium and all the other developments coming down the line. She defeated the garage under the ferry park for the very reason that it's not feasible. We don't need any more traffic. They can't get to the bridge right now. This project is located in the worst location. In real estate, it has to be location, location. We took down the freeway and we're happy that we have a beautiful boulevard. We don't want to mess it up. This open space should stay the way it is. Two swimming pools are gorgeous there. They don't want them combined with a building. They have a good membership in the club. Building up to the edge of the street is unbelievably poor planning. First of all, you're snuck up against 400 Davis Court which is ugly. This is the wrong kind of land use planning. The Port has been through these things before. How can you even entertain it? If he's the only one interested in this project, doesn't that tell you something? No one wants to build here because it's the wrong place. It doesn't look good and it's very confining. Leave it alone; if it's not broke, don't fix it. Scare tactics don't work. A garage is not needed. Ferry Park is lively with all the events she encouraged to come down here by producing that park. They need a little peace. This is poor investment. She would not invest a nickel in that location for a project like that. You have to be in real estate to know about planning, to make it a good fit for the neighborhood. The

neighbors don't want it. Nobody wants it. Simon and the ferry market are the only ones who want this project. Ferry market can get rides for people to come down to the waterfront and shop.

Frank Rollo, Rollo & Ridley, indicated that this is a well thought out and a wonderful project. He's had the honor and privilege to work with Simon and Alicia before. They do first class work. Frankly, a gas station on that site is not the right call. He urged the Commission to move forward in these tough economic times. We should not sit and debate over speculation. Simon has presented the facts, a new club and parking. Maybe he heard something different than the others but he urged the Commission to move forward with this project.

Russell Jackson, Lafitte, indicated that he is a restaurateur and chef owner of the Pier 5 project. He was also anointed by the SF Business Times as the last great chef hope for the San Francisco waterfront which is unfortunately not helping his God conflicts at all. As a chef and restaurateur operator in San Francisco, his business is predicated on the ferry building and the market. He is deeply concerned about the lack of parking and the recent reduction of parking in the area. It's made it quite difficult for them, not just speaking for him but on behalf of some of the other chefs who frequent the waterfront every week. He shops biweekly at the farmers market and he finds it nearly impossible to buy the quantities of food and goods necessary to run his business. It's certainly due to several things beyond the fact that the parking is making it difficult for the farmers to feel comfortable to come down to the waterfront. It's a difficult job for them. Their days are extremely long and it's hard for them to get in and out quickly to do their jobs. As a restaurateur and a small business owner, he urged the Port to move forward with this proposal. It not only provides a permanent solution for the neighborhood's parking but most importantly, it provides them additional residents and retail, further adding to the vibrancy, bodies and energy on the waterfront. He asked the Commission to get this project moving forward.

Lee Radner, chair of Friends of Golden Gateway, congratulated Commissioners Fong and Shakofsky. Mr. Radner pointed out that the City Attorney's office has been asked to look into whether the court would likely find a violation of State conflict of interest laws if SFWP were to be awarded this development contract. Well over 100 emails between the Port and the developer have gone back and forth on the property prior to the release of the RFP. The correspondence covers topics such as parking studies for the site, CEQA issues, sewer assessments, right of ways and construction cost estimates. The Port should not, at this time, proceed until this legal issue is resolved. They feel that the RFP was designed to favor SFWP. This somewhat cloud of collusion must be first addressed. The Port's own PR director publicly stated that if weren't for the serious financial downturn, we would probably have had a lot more proposals. They can't understand what the rush is. As far as the club is concerned, he can't wait for the 700 or so members of their tennis club to be contacting him on what was said today

about the need of only four tennis courts. It's unbelievable. They will be doing without the Junior Tennis Program. The 600-700 young people who come to this club every summer. Many of whom are on scholarships to learn tennis, to swim. The Special Olympics group, the Senior Aquatic groups are all going to disappear. This is what this neighborhood has been all about all these years. As far as park on the corner, which is not much more than the size of a tennis court or basketball court, it's not going to benefit the City. As a smoke screen for transferring SWL 351 from its present public trust status, there's still no overall plan on the Embarcadero since the original Waterfront Land Use Plan was established over ten years ago. He asked that we wait and review the plan and update it and not do this kind of spot development.

Jonathan Stern read a letter from Jonathan Middlebrook. It states, "My name is Jonathan Middlebrook. I own a condominium in the Golden Gateway Commons. I am a member of the Board of Barbary Coast Neighborhood Association, though I do not speak for the Board or the Association, as by now will have been made quite clear by some of my neighbors who have already spoken. In general, I support a particular kind of development of Port property, especially development of the unsightly, drug-activity-attracting parking lots in the Northeast Waterfront District. And in general, many of my neighbors also support development, but their support is for development which will neither give the Port reasonable income, nor be economically self-sustaining. We all want parks and access to public open space, but especially with regard to SWL 351, you commissioners and we members of the public need to look very carefully at the phrase "public open space." The most... I want to say elegantly organized opposition to residential development of SWL 351 is FOGG, "Friends of the Golden Gateway" Tennis and Swim Club. Their opposition is based primarily on two dubious claims. One is that any development of what they think of as "their land" must replace the nine existing tennis courts with exactly nine new ones. FOGG's second dubious claim is that their Tennis & Swim Club is a public facility. It is public in the sense that a medium-price restaurant is public. When I was a member, with my owner's preferential discount my membership in the club cost \$125 a month. Modest perhaps, and the club has no membership committee, so even Groucho Marx could join. Modest that is, for a private club occupying property on a month-to-month lease of some of San Francisco's most prime land. But such a private club is in no way public open space. It's a private, for-profit operation and is subject to the swell laws of the private sector. Even though we're all in a gut-churning economic collapse, the Port appears to have an offer to develop its land. The Port can beat President Obama to the punch in providing San Franciscans with high-paying, hard-hat jobs, without "destroying" the waterfront and with improving the current club, overall. Moreover, last I heard, that developer was willing to deed, in perpetuity or whatever the legal word is, a portion of his development to true, public (that is, no fee) access and use. That developer-why be cute? He's Simon Snellgrove – also has quality work in place, on our waterfront. A walk on Piers 1½, etc. are demonstration that what he builds is truly excellent stuff, not only public accessible, but invitingly so. So: I have not seen the latest version of

his proposal (and I have told him of my reservations about the earlier proposal), but I suggest that you Port commissioners and staff work very closely with him. Write grinding contracts, stick it to him, get performance bonds and so on, and get design concessions, 40' or even lower height limits on The Embarcadero. But work to improve the proposal you've got, rather than waiting for a better one, a better proposal that has not been offered in response to your last two RFPs. Thank you for listening to me."

Jeffrey Leibovitz indicated that he counted nearly 30 mentions of open space and park. It's hard not to support a project that for all practical purposes is about a park. It's hard not to support a project for all practical purposes is about 250 parking spaces when we have 300 parking spaces leaving. Whatever you get, get it in concrete. Don't get it in writing. The Port and the developers in his part of the woods, at South Beach, have not lived up to their obligations. They have not lived up to public improvements that were agreed to. The Port made out with \$17-\$18 million. There's \$20 million sitting in the account earning interest but we still don't have 65,000 sq. ft. of public improvement on the waterfront. If you do support this project, do it in a way that you get the improvements up front. It's a handsome project. It reminds him about Vancouver. When they do the public improvements around the building, they take into consideration the pedestrian element. It's a handsome project. It has great materials. It looks nice. It will add to the waterfront but we've seen this over and over again. A lot of blah blah. Get it in concrete that means get your public improvements up front, get your park, get your walkways, and get your trees. Get all of that and get them first then let the developer do the for-profit part of this development. Don't make the same mistake they did.

Jim Eggert, 550 Davis resident, indicated that there are a lot of discussions about open space. He asked the Commission that will be voting on this issue to merely stand at the corner of Washington and Embarcadero and look up and see an 8-story building. At the present time, everybody is discussing open space. Go around the corner at Drumm and Davis and stand and look up and think of 8-story straight up. What the Port is voting right now is destroying the open space in this area. There is so much open space. There is Hotel Vitale and all of a sudden, you will put up an 8-story building at Washington and Embarcadero and you're destroying the neighborhood. Those towers were built specifically so there would be open space, recreational area. It's unfortunate that Perrini, the developer of the towers, did not have restrictions put on it. They should have. When you look up there, look at the tennis courts and all that area, it's all low. All of a sudden, the Port is committing itself to a completely different make up of the waterfront. Some other people mentioned Chicago. The Port should consider the whole development of the Embarcadero. He does not support this project.

Sue Hestor indicated that the public information is limited to what they got from the computer. She's hoping that the Port will make the entire file available yesterday as well as all the presentations that Mr. Snellgrove put up

that they couldn't read. Secondly, when Golden Gateway was developed, they were planned developments. They were rental housing developments. There were amenities built in and one of them was a tennis and swim club. If you look at the application not for SWL 351 but of the project itself, it's submitted by Golden Gateway Center and Mr. Snellgrove. Golden Gateway Center has had no incentive to do anything to make the tennis and swim club look good or improve over the past ten years as they have been trying to develop and it is in their interest to present a terrible perspective to the public. All of the fences that don't look good are the responsibility of the developer, not the tennis club. The parking that is going to come is four years from now or may be 3 years from now if they open the parking before they open the housing. All the people who are wishing a magical solution for parking, you better be able to survive 3-4 years because that's when you will be able to get parking and when it's under construction, the parking will disappear. What we need is an overall plan for the western side of Embarcadero. The Port did not use a good job of that when they did the Waterfront Land Use Plan. It needs to be done. We still see the rear ends of redevelopment projects. We don't have an attractive west side of the Embarcadero. We don't have a plan for circulation and open space. If you take the area from Vallejo to Howard Street where the Embarcadero freeway was up, the Port was the major land holder along with the Golden Gateway Center and the Embarcadero Center and whoever owns the Alcoa Building. The Port has abandoned their responsibilities and they have abandoned their responsibilities to first plan circulation, open space, an attractive perspective rather than taking this lot and for the first time ever, the street wall goes right up at the sidewalk. There's no other place on that section where there is a street wall on the sidewalk. The Port is setting in place unless you do the planning first, a terrible decision that is an interruption of this. We need an overall design, open space and use program for the western side of the Embarcadero. Who are going to be the residents? Are the people going to live there or are they people who have a pied-a-terre because these are expensive condos which we have super abundance in construction?

Evan Matteo, business owner on the waterfront, indicated that he and Chef Russell Jackson are building Lafitte Restaurant at Pier 5, is in support of this project. This project and the development of SWL 351 will be very good for his business, for the ferry plaza and for the City as a whole. From the point of view of a restaurateur directly across the street, the project will further activate this portion of the Embarcadero. It will add foot traffic. It will add residents who will hopefully be patrons of their restaurant. From the point of view of the ferry plaza, the additional parking is essential. It helps their business. The ferry plaza is dependent upon parking as any large shopping area where people come to buy groceries, organic fruits and vegetables. People need to be able to drive to be able to make their purchases and bring them back to feed their families and to cook in their restaurants. From the point of view of the city, having an economically self-sufficient project can only add benefits to the City. In general that's a good thing. In these tough economic times, it's doubly important. It's wonderful to see a project of this

caliber potentially going up on this space. It's doubly wonderful to see a financially capable developer who has the means to follow through on the project and be behind it. People have talked about open space. He thinks this project does add significant open space. It's truly a public open space. It's open space that he can bring his 2-year old kid to enjoy much as they do at Park Chalet that he does not have to pay a large monthly fee to be able to enjoy. It's something that would add tremendously to our City and our waterfront.

Veronica Sanchez, Master Mates & Pilots and Inland Boatmen Union, indicated that as she's testified on several occasions, both of their maritime unions are dependent on expanded ferry service on the bay. She reminded the Commission that the development of SWL 351 and replacement parking at that site is a linchpin to expand the south ferry terminal. The expansion of those projects is funded by State bond money and regional toll money. It's interesting that the SWL project is not only providing benefits in terms of recreation for the local community and business enhancements but it's also a linchpin for a regional transportation benefit that both their unions fought very hard to get because they are a source of union jobs. It's a benefit for commuters and for emergency response. This is a wonderful effort. Mr. Snellgove has done a great job to balance these interests. She's been a waterfront rep for many years. She was here during the earthquake. She filled up her car with a tank of gas at the corner gas station. This is an incredible amenity. She hopes that we go forward as opposed to continue to urge for more planning which will continue in the horrible stalemate that we've been.

Tim Colen, Executive Director of SF Housing Action Coalition, on behalf of the 85 member organization, indicated they strongly support this project. He's stunned at the magnitude of what the city gets out of this, how the Port and the waterfront are improved by this project. He looks at a lot of proposals that are submitted to the City and if there's a better deal going, he'd like to see where it is and what it is. On the question of the height, they think that 84 feet is an entirely appropriate height for this project. It's one third the height of the adjacent Gateway Center. It's 1/6 of the height of the adjacent Embarcadero Center, the closest commercial building. It doesn't register in terms of scale. This is modest height in an entirely modest residential proposal that will provide a lot of affordable housing under the City's inclusionary housing ordinance. This is not something easily to be overlooked. They were surprised at the second RFP, not surprised at the lack of response to it but that the City might jeopardize a viable and excellent proposal to look around yet for more interest. One of the problems that the Port does not have at this point is too many proposals being thrown at it to bring revenue and to help the Port address its crushing capital and infrastructure needs. On the question of planning, the City has a northwest waterfront plan, produced a decade ago. It's an excellent plan but what we see in San Francisco is a strong will to plan and to talk about planning and to plan but not such a strong will to take action and to actually implement what it says. They think this project is entirely consistent of what's been put before. Again, you don't get many better

proposals. It would be a shame to miss this opportunity. The conditions we see out there are grim and getting worse by the week. You have a live one in front of you. He does not think it makes sense for the city to turn it down and say we'll wait and look around to see what's better. He urged the Commission to go into negotiations with SFWP now and start working on this.

Fred Allardyce, neighborhood resident, thanked Mr. Snellgrove and Mr. Hartman for such professional attempt to try to make this work. Over time, we might come up with something that will work for all of us. This site which is claimed 84 feet zoning never had the zoning put on it by the City Planning department at any time, ever. It never had that zoning put there through a process of normal planning. That was put there by CalTrans in 1948 to build a freeway. We struggled with this issue on the hotel site at the corner of Broadway and Embarcadero where the Port had adopted a Land Use Plan that called for 44 feet type of hotel. Subsequently, the neighbors got outraged that they increased it to 84 feet because there was a zoning for 84 feet freeway there. They got Supervisor Peskin to rezone that to 40 feet. Before this process gets passed the Planning Department, which the Planning Dept. will probably approve it because of how politics work that it will be rezoned to 40 feet or less. He pointed out that there is an overseer in our community, Dean Macris has gotten a lot of creative things done in the history of our town. Now, he's proposed a Millennium Park for this entire area similar to Chicago to go all the way from Mission Street to Broadway to include all the private and public lands in that area, a 24-acre park. He's got \$110,000 in his budget this year to pursue that. That would include the seawall lot we are talking about and the swim and tennis club, the private property that all could be zoned for a park and its particular uses that would be complimentary to how the Chicago Park is done. It may be a little premature. He's not going to suggest approving what Simon wants to do because it's the only thing the Port got, in absence of the fact that the whole neighborhood wants it to be open space and green. In absence of that, it's a great project but there's a conflict with San Franciscans that have their political friends on their side.

Commissioner Michael Hardeman commented that he has not learned a heck of a lot because almost everything we've heard, we've heard before. He thinks that we need to get on with this project. We need to move this along. If you listen to Mr. Salinas, his old Mission Dolores friend, he didn't tell you that he went to Mission Dolores, the best boys high school in San Francisco. He was living in the projects on Potrero Hill and he lived at other places after the project. They are sort of spoiled brats. They had to obey, even if they didn't want to. If you listen to Mr. Salinas, his job is to represent working people. They didn't think that, when they got these jobs, they were going to have strong feelings. Once you become a union rep, your job is to take care of thousands of families, their healthcare and their pension. His local's pension is down 28%. He also sits on the Office Workers Pension Fund and it's also down. A teachers union is coming to the Port with this project and we keep delaying it. He's grateful that they are sticking around. We don't need a project that is not willing to happen. We saw what the developer did for Pier

1.5, 3 and 5. The real proponent of this project is the Teachers Union. Without them, there's nothing. This project was put out to bid again. He predicted there would be no other bidders and there weren't. We're back to only one bidder. We should have done this a year ago. It creates jobs and it looks nice. If you listen to the different opinions about the heights and open space, unless you're a tenant at Golden Gateway and you want to look down at the tennis courts. Outside of that, he has not heard a good argument of why not to do this project. He hopes that we move this project along. In his own personal opinion as a Commissioner, he wants to expedite this project as fast as we can. He hopes that we adhere to the schedule and move this project along.

Commissioner Stephanie Shakofsky thanked the presenters and the sole responder to the RFP that the Port put out. This is a very handsome project and looks forward to the continuing public comment and urged Port staff to work hard and aggressively with the RFP responder as well as the community and hopes to see something at the next Commission meeting.

Commissioner Rodney Fong indicated that he is encouraged by seeing this latest round. It is a handsome project. He knows of other projects that they worked on particularly the Cathedral in Oakland. It's a beautiful piece of work. He looks forward to seeing the evaluation and scoring the RFP response as we move forward. There are many more steps to be done. He is encouraged to keep pushing forward and seeing what the next step brings us.

10. MARITIME

A. Informational Presentation on Port Maritime Cargo and Warehouse Market Analysis.

Jim Maloney, Maritime Marketing Manager, indicated that the purpose of this study was to look at the Port's current status of infrastructure and warehouse and current cargo situation and recommend to the Port, based on what's going on with the market and other ports and what type of available cargoes are moving in and out of the U.S. and where we should be focusing our marketing efforts going forward. Part of that was to also take a look at the economic impact of any potential cargo opportunity. Part of that being how many jobs and how many good paying cargo related union jobs would be created in the southern waterfront. In 2001, one of the recommendations of the study was to go into the bulk market. As a result of that study, the Port went into the bulk aggregate market. At the end of 2001, Hanson Aggregates opened their facility at Pier 94. He showed a slide of total bulk tonnage at the Port: sand being mined from the bay; aggregate imported from British Columbia since 2001. The tonnage has grown dramatically. Sand and aggregate are combined along with cement to make concrete. Part of the whole strategic decision process was to relocate a number of concrete batch plants in the southern waterfront. Bode and Cemex both located concrete batch plants in the southern waterfront and use much of this aggregate for

concrete batching. At the latter part 2007, Cemex started importing aggregate of their own. This has been a strong commodity right now. This represents \$2.6 million a year in revenue to the Port. Currently, the market is slow and somewhat in negative growth, which is a factor of the current economic situation. This is dependent on the building trades and with the softening of the market, the imports have slowed and stabilized and slightly decreased. Another recommendation of the 2001 report was for the Port to get more heavily into the breakbulk market which we have done. He showed a slide of the tonnage of breakbulk cargo since 2002. Steel represents a vast majority of the breakbulk cargo. It is also tied into the building trades. A lot of the steel are rebar, pipe and other products that are used in the building trades. We hope that in the near term with the new administration coming on board and having more focused on infrastructure projects that this might help both the bulk and the breakbulk cargo coming into the Port. We are also trying to utilize the fact that the Illinois Street Bridge is giving rail access to the Port to help us diversify our cargo mix.

The study also took a look at Northern California ports in general, analyzed what the other ports of the region including Sacramento and Stockton are doing, what type of cargoes they are achieving and what type of success they've had and made recommendations based on what they are seeing other ports are doing as well. Some of the implications that were noted in the study are the Port's key and more stable line of business is bulk cargo. In order for that business to grow, we need to identify a new bulk tenant. Staff is looking into that. We have the space at Pier 96 potentially to add a new tenant who might want to bring in or export bulk cargo. The breakbulk at Pier 80 has been unstable especially as of late. The business of steel fluctuates based on the downturn of the market plus the downturn of the value of the dollar hit the volumes of incoming steel. Of the key impediments that we see to the growth of the cargo business is the freight rail access. In particular, the tunnel clearance issue in the Peninsula that was discussed in the past.

Some potential new cargo opportunities that the report recommends we focus on are project cargo. The biggest part of that being the windmill business. Windmills and wind energy represent less than 2% of American energy production. The American Wind Energy Association believes that could go up to as much as 20% of all U.S. electricity production. The volumes of windmills that we see coming in do bear that out. There is a bit of slowdown in projects in 2009 but we believe that is a very key opportunity for the Port. They also recommend autos as an opportunity of cargo that the Port should be pursuing and we are talking to some Chinese auto importers and domestic auto importers. They also recommend that we take a look at breakbulk and containerized fruit. That is a good opportunity cargo based on what they are seeing on the rest of the Coast and other parts of the country with some issues that need to be addressed such as fumigation although some fruits such as bananas and pineapples come in full containers and don't require fumigation. There are opportunities where that process need not be done at the Port.

Finally, the study recommends and gives us a focus on our marketing efforts, they recommend that we diversify our cargo mix away from just steel and looking at other types of cargoes and increasing our steel opportunities and utilize the rail capability that we now have and address some of the other challenges that the Port currently faces.

Commissioner Michael Hardeman commented that the cargo on the ship in the picture looks like giant cigarettes. Mr. Maloney indicated that they are in fact windmill towers. We see those ships going up the river to Stockton. We'd like to see some of them turn right when they pass the bridge and come to the Port of San Francisco. Port of Stockton has done a very good job of capturing a good chunk of that business over the past year or so. We'd like to feed off some of their success.

Commissioner Hardeman asked if there are any requests from Australia to bring in oranges again like they did a couple of years ago. He asked if fumigation is still an issue. Mr. Maloney replied that we've not heard from them but would like to go down and speak to them again. They have not approached the Port about possibly coming back and giving it another try.

Eric Smith, SF Bay Railroad and Waste Solutions group, Port tenant, indicated that they have been working closely with Port staff about looking at increasing freight service to the Port. They have been extremely helpful. Director Moyer has been wonderful. As Jim mentioned, there have a lot of queries about what we can do, the Port capacity, etc. They've been looking at the potential for jobs and growth. We have to continue to do that. We're excited about these possibilities and hope we can continue this dialog and work with Union Pacific and others.

Joe Boss indicated that one thing that he's always brought up is there is the high and low of thinking of the Port as a port. Financial situation and what's happened in Oakland and everywhere else but we need to have this Commission and the rest of the City and County of San Francisco understand the importance of just even a tiny thread of maritime and cargo. He's pleased that we are refreshing that report. He's all for anything that we can do. Obviously, we don't want to do something that you're going to lose money but even on a break even basis, it's a lot easier to go to State Lands and say that we are doing maritime too besides cruise.

Frank Gaskin, Local 10 Business Agent, indicated that they have a good relationship with the Port of San Francisco and the superintendent from Metro who handles all the freight in San Francisco along with the cruise ship. They want to make sure that work keeps coming to San Francisco and keep San Francisco busy. 75 years ago, they formed their union on the waterfront. This is where their history started. They want to keep San Francisco alive with passenger ships and freight and everything. He urged the Commission to keep cargo coming to San Francisco.

Dave Butz, Metropolitan Stevedoring Company terminal manager, indicated that they recently took over as the terminal operators for Pier 80 in July. He thanked Jim for his presentation. He was curious that a gentleman earlier was stressing the importance of the Commissioners being keenly interested and maintaining the Port as a working port not just condominium complexes, hotels and open spaces. He could see that when the room emptied out, there was not much interest in what we are discussing now, which is unfortunate. He is the terminal manager and the bay area cargo operations manager for Metro in the bay area. They are looking forward to doing whatever they can do to facilitate more volume and business within the Port of San Francisco.

Commissioner Lazarus commended the report. The report is very readable, understandable, direct and would seem to be a great road map and set of guidelines. She commended staff. Under Peter's direction for a number of years, the bulk cargo, breakbulk cargo has been a niche that the Port has identified in its pursuit. As a Commissioner, she is very supportive of these efforts. As Mr. Butz mentioned, it is interesting that the room emptied out when we focus on maritime which is too bad because she'd like for everybody to recognize that it does continue to be a priority for the Port. She hopes that the Commission would continue to get updates and there's been some discussion before about the clearance issue and the tunnels and hope that the Commission can get an update on that soon because it seems to be a major obstacle and one that if it could be solved could lead into some major improvements and increases in what we are trying to do. She thanked staff for their diligence in this area and to the people who were responsible for the report.

11. REAL ESTATE

A. Status Report of Port Month-to-Month and Holdover Property Agreements.

Susan Reynolds, Deputy Director of Real Estate, congratulated Commissioners Fong and Shakofsky and looks forward to working with them. She also thanked Commissioner Brandon for all her help and support in the real estate department. She updated the Commission on the status of holdover and ongoing month-to-month agreements. She's sure that the Commission has read in the newspaper and heard through the Board of Supervisors that they are very conscious of what we are doing and wanted to make sure that we keep on track of bringing our rents to market which we still have room to do in some cases, even in today's market and be conscious of sticking to policy when it comes to month-to-month leases and bringing things forward both to the Commission and to the Board of Supervisors. The Board recommended that we provide reports to them on our month to month leases, with current monthly rents, premises locations, and commencement dates of leases, licenses and agreements, tenant information and reason for the month to month term. Their concern is that we're booking things month to month to preclude things going forward to them, which we are not doing. As

the Commissioner heard last year when staff presented the information on the holdover leases, it's a backlog that we are churning through and with the help of the Department of Real Estate (DRE), we're making some progress. The budget analyst wanted to make sure that we were following leasing policy both to the City through the Port and the City ordinances. This is an overview of the Port leasing practices. We are increasing our rents. From 2003 to 2007, we have gone from \$56 million in revenues to \$65 million in revenues and we hope to continue to have that increase with a good quality tenant. We are trying to reduce the labor intensive process of our leases. The process from application to getting a good sustainable tenant and not have the process take so long. We are moving forward on this. This is an update of the holdover lease process. We have 149 agreements. When we started the holdover process, we started with the highest impact to our revenue. As we get down to our month-to-months, it's not a significant amount of revenue. Sometimes they're white zones, small berthing agreements and sidewalk encroachments. They're not a huge percentage of our revenues. There's crab pot storage and there's public right of way. In conclusion, we are trying to maximize revenues. If a tenant does not want a 3-year lease, we will bring them to market and leave them on a month to month so we don't have to go through the term leasing process. We are working on refining the lease renewal process to make sure that is not a cumbersome process but that we can get the maximum amount of rents. We are continuing our MOU with DRE for as needed assistance to support staff's needs.

The month to month agreements are appropriate and we want to keep that option available to us. We will not do long term month to month on purpose. To facilitate lower dollar amounts and parking agreements for individual parking places, public rights of way, use and access to Port owned equipment such as scales. The budget analyst brought up the scale that people use to weigh their products. There's a license to use that; it's a very small amount of money and staging construction laydown. We do a lot of temporary licenses. They do garner good revenues but they are short term so we try not to spend a lot of time on that.

Commissioner Lazarus indicated that in reading the report, she wondered if there was some sort of a semantics issue that was cropping up. Particularly some of the things that Ms. Reynolds mentioned at the end of her presentation that to somehow call them leases and get them lumped into a discussion about leases seems highly inappropriate. They are licenses or permits or something other than leases which would be done on a month to month basis. She asked if there is a classification issue that can help to clear it up. Ms. Reynolds responded that staff track everything through PropWorks. When staff produce a report from PropWorks, it produces everything whether it's a temporary encroachment. All of the information is included such as the square footage, the term, the location and the name. We know by looking at it what it is. There are different codes that are put into PropWorks. We can take all the leases and the encroachment out. That's a term that is used at Real Estate and Engineering that they have an encroachment permit process. We

know internally but when the budget analyst looks at our reports, he lumps everything together. Some of the things he was asking were individual parking places. He spent a lot of time on very small space, small revenue items but we felt that it was our obligation to explain everything to them that they had asked so they understand what our process is, whether it's a month to month encroachment or if it's a 5 or 10 year lease.

Commissioner Lazarus indicated that there's an external versus an internal interpretation. She wondered if going forward, if this crops up again and if there isn't a better way to try to delineate it so there isn't some headline that is talking about a parking encroachment as if it were a lease that should be when they're leasing terms. Ms. Reynolds indicated that that's why staff try to disclose all the information on the report as to what everything is.

Commissioner Brandon asked how often the Board of Supervisors request the report. Ms. Reynolds replied that when they were at the Board in November it was a follow-up to a lease that had been brought forward. When we met with them at their last Finance committee, there was no set schedule but we will have the information available. She has a feeling that as we bring larger leases to them, they will again bring up the subject to some of our other leasing policies. Right now, there is not a standing request from them to provide more information.

Commissioner Brandon asked staff to provide, along with the other monthly reports of activity that the Commission get, this information so they are not blind sighted by this again and know which ones are continuing on a month to month basis.

Commissioner Fong asked if the Commission would like the report on a quarterly or monthly basis. Commissioner Brandon indicated that a quarterly report would do.

Commissioner Fong asked, in dollars, what each of the leases equate to. He saw the percentage in total revenue but he's particularly interested in seeing the holdover leases. As the year goes on, what are the new revenues to the Port? He asked if a column of this information could be added to the quarterly report. Ms. Reynolds replied that information is provided in our detailed report. She can provide one for the Commission. The report that we produce on a monthly basis for our internal use does have the percentage of change of what they are paying now and what they will be paying.

Brad Benson, Special Projects Manager, congratulated President Fong and Vice President Shakofsky. He thanked Commissioner Brandon for the last year of work they've done together. Mr. Benson indicated that Jake McGoldrick was the outgoing chair of the Budget and Finance Committee and was the one who called the hearing. His sense was that of the supervisors on the Budget and Finance Committee, he was the most concerned about this issue and asked the Port to come back with a more detailed report on the

month-to-month leases that were discussed at that committee hearing. There is an expectation, although Jake McGoldrick is no longer on the board that we will come back with that report. Susan's point is right that as we bring single items to the budget analyst, this issue about month to month leasing will continue to crop up in the budget analyst's comments. One of the suggestions in the staff report is that the Commission could, at its option, define when month to month leasing is an appropriate policy for Port staff to follow. We could also bring the policy, if the Commission decides to adopt such a policy, to the Board of Supervisors for their concurrence so the budget analyst knows that we are in sync at the Board and at the Commission level.

B. Request approval of an Amendment to the Port's Lease Termination Policy. (Resolution No. 09-04)

Susan Reynolds, Deputy Director of Real Estate, indicated that the primary focus of this change relates to early terminations in the event of bankruptcy or in cases where the monthly revenue is small. In today's market, we are seeing businesses, that are going under or threatening to close and are not going to be a viable business, terminate their business or talk about bankruptcy. Staff would like to amend the current termination policy to allow the Port Director to make that decision based on a good format of due diligence which we will delineate and be able to terminate some of the leases rather than going through a protracted legal, expensive process.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. Resolution No. 09-04 was adopted.

12. ENGINEERING

A. Request authorization to issue Request For Proposals (RFP) soliciting Coastal and Civil Engineering Design Services for the Mission Bay Shoreline Protection for Bayfront Park Project. (Resolution No. 09-05)

Ken Chu, Project Manager, requested Commission's authorization to issue the RFP soliciting Coastal and Civil Engineering Design Services for the Mission Bay Shoreline Protection for Bayfront Park Project.

Corinne Woods, chair of Mission Bay Citizens Advisory Committee, indicated that Bayfront Park which is located south of the boat launch ramp at Pier 52 and the Bayview Boat Club is going to be a gorgeous waterfront park. It will be the jewel of the Mission Bay Park System and a really important park for the eastern neighborhoods. The Mission Bay developer only has to develop it up to the top of the bank. The park is not going to work without the Port's part of the development. She asked the Commission to not only go forward with this engineering proposal but also ask Ken and staff to be a little creative when they look at the waterfront. Staff are talking about rip rap protection, shoreline protection, and the possibility of some overlaps. We are looking at

the possibility to actually get into the water instead of just looking at the water if we have the fabulous waterfront park. They'd like the engineers to look at this creatively and think whether there is any way in the context of shoreline stabilization to have a waterfront park that attracts people to the water and not just looking at it from a distance so it's not just a rip rap but as much possible a connection to water as part of the Blue Greenway.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. Resolution No. 09-05 was adopted.

13. FINANCE AND ADMINISTRATION

- A. Request approval to award a contract for financial advisory services to Public Financial Management, Inc. for \$300,000 with a three year term, and an option to renew for an additional two years. (Resolution No. 09-06)

Tina Olson, Deputy Director of Finance and Administration, congratulated Commissioners Fong and Shakofsky and thanked Commissioner Brandon. Last year, staff asked the Commission for authorization to issue an RFP for financial services to support Port staff in its bond issuance as well as in development projects, looking at tax increment, calculations, etc. The RFP was issued at the end of August. On November 3, 2008, staff received six proposals. A panel was convened consisting of Jonathan Stern, the CFO for the San Francisco Airport, the finance director of the City of Livermore and Nadia Sesay, the head of the Mayor's Office of Public Finance. They short listed the six proposals to four based on written proposals and interviews. At the conclusion of the process, Public Financial Management was ranked #1.. They will be subcontracting 40% of the work to Backstrom McCarley Berry and Company, a city certified local business enterprise firm. Human Rights Commission concurs with this assessment of the process. The contract is for \$300,000, 3 years with the option to extend it by 2 years. We have \$100,000 in the current budget and \$100,000 in next year's budget. The funding will be contingent upon receiving appropriations. We have enough in the current year budget to fund the refinancing portion plus additional consulting services.

Commissioner Brandon asked what happens if we do the additional two years, will there be additional funding. Ms. Olson replied that we have to modify the contract to add additional funding if necessary. Commissioner Brandon asked if staff has to come to the Commission or it will just happen. Ms. Olson indicated that we can modify the contract by 50% and not go back to the Civil Service Commission for approval. She asked legal counsel if we have to go back to the Port Commission. Legal Counsel Robert Bryan opined that is a policy call. Commissioner Brandon asked if that could be done now.

General Counsel Robert Bryan proposed adding the following additional resolved clause to the resolution: Resolved, that the Commission hereby

authorizes Port staff to amend the contract for an additional amount of up to \$150,000 for the purpose of exercising the option to extend.

ACTION: Commissioner Hardeman moved approval as amended; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 09-06 was adopted.

14. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that beginning February, we will go back to our twice a month schedule. We have quite a bit of items related to land use. At the next meeting, there are four informational items related to financial provisions of the Port – the audit, the operating budget, the capital budget, the ten year capital plan. Those items will come back to the Commission at the end of February for approval. They will then go to the Mayor's office and to the Board of Supervisors. We keep hearing that this year's process will be different but we don't yet know how. Our process in February will be the same. Also at the February 10, 2009 meeting, there will be a presentation to move forward with the Blue Greenway planning process. The item to request authorization to award Pier 45 drainage improvement project and to award professional services contract in an amount not to exceed \$75,000 are now both on hold. They are state funded grants. The state sent out a notice to everybody that didn't have a project in construction that they are to hold their projects. That's unfortunate news. If and when there is a budget solution to the current year state budget, hopefully, we will be able to bring those items to the Commission. They will probably be rolling on the forward calendar for a while. On the forward calendar, we don't have any date specific related to SWL 351 but after today's presentation, we will be adding them. In response to Commissioner Lazarus' request, staff will be providing the Commission an informational presentation regarding freight rail service at the March 10, 2009 meeting.

15. PUBLIC COMMENT

Jim Salinas, Sr., thanked Commissioner Hardeman for all of the years that he's worked on behalf of labor. Everywhere he's gone, he's made a difference for working men and women. He thanked all the Commissioners because it's a serious situation. When he was in grade school with Commissioner Hardeman, he was the one that they look up to. He was the one that they referred to as a JP, a Junior Patrol, and he had a ribbon that said Junior Patrol. When he came out on the landing of the stairs outside the cafeteria, the wind was blowing through his hair and even though he didn't have his hands on his hips and there was no cape, the whole playground came to a screeching halt. As a Catholic, he used to say, "God please let me grow up and be Mike Hardeman."

Lloyd Thibeaux, Local 22 carpenter, indicated that everybody wants progress but they don't want it in front of their house. The same people that didn't want this project built, they want progress. That's why they're living across the street; now they don't want progress. There's no other city like this city. Everybody wants to come here only because there's progress. When you go to the other cities back

east or west, there's no other city like this city because we have progress. Progress is going to keep on going. Before those apartments were built, they were nothing but a bunch of warehouse. Now, it's all cleaned up and they love the place and they don't want any more progress. This is America and we have to have progress. This city needs progress. If we didn't have progress, all of us would have tin cups in the morning.

Miguel Gomez, native San Franciscan and carpenter, indicated that it's important for us to get these projects. A lot of people who have homes will lose their homes if we don't keep these projects going. They have 300 local members that are journeymen and they have gone to apprenticeship schools to get certified and get a 4-year college credit. It's a shame that there are a lot of them sitting at the hall losing their homes and their families because all of the big jobs are being put on hold. We need to supply, keep and feed our families. There's a lot of out of town folks doing their work. We need to keep our local community working. These developers are offering to rebuild our city and we're turning them away. They are trying to create work and put people to work. We're turning them away. We need to keep our families alive and keep them going. He hopes that the Commission vote for them and keep the projects going and thanked the Commission for all their support.

16. COMMUNICATIONS

17. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Fong adjourned the meeting at 6:25 p.m.

SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Stephanie Shakofsky, Vice President
Kimberly Brandon, Commissioner
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax: 415-274-0412 Phone: 415-274-0406; Fax: 415-274-0412

AGENDA

TUESDAY, FEBRUARY 10, 2009

2:00 P.M. CLOSED SESSION

02-06-09P02:15 REV'D

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES - January 13, 2009
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

GOVERNMENT
DOCUMENTS DEPT

FEB - 6 2009

SAN FRANCISCO
PUBLIC LIBRARY

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER.

- a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case; Information Item).

- San Francisco Pier 33 LLC v. City and County of San Francisco, Port of San Francisco, et al. (San Francisco Superior Court Case No. CGC-07-464954). City as Defendant

- (2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

This session is closed to any non-City/Port representative.*

- a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development

*Negotiating Parties:

(1) San Francisco Giants, Wilson Meany Sullivan, Kenwood Investments, The Cordish Company, Stockbridge Capital, Farallon Capital Management, LLC

Under Negotiations: _____ Price _____ Terms of Payment X Both
The Commission found the non-Port parties identified above qualified based on their responses to a request for qualifications for the lease and development of the area generally known as Seawall Lot 337, China Basin Park, and Pier 48. In this executive session, the Port intends to seek direction from the Commission on matters that may affect the competitive process now underway.

- b. Property: AB 0201, Lot 013 also known as Seawall Lot 351 (Washington Street at the Embarcadero)

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development

*Negotiating Parties: San Francisco Waterfront Partners, Simon Snellgrove

Under Negotiations: _____ Price _____ Terms of Payment X Both
The non-Port party identified submitted a proposal on December 19, 2008 for Seawall Lot 351 in response to a Request for Proposals authorized by the Port Commission on July 8, 2008. In this executive session, the Port intends to seek direction from the Commission on matters that may affect the competitive process now underway.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

- A. Executive Director's Report
- San Francisco Ocean Film Festival – February 19-22, 2009
 - Best New Restaurant: La Mar Cebicheria Peruana
 - Illinois Street Intermodal Bridge Project – American Society of Civil Engineers (ASCE) Region 9 Bridge Project of the Year – February 24, 2009 Awards Dinner in Sacramento
 - Commendation for immediate Past President, Commissioner Kimberly Brandon
 - Commendation for Claudia Davison on her retirement
 - TWIC (Transportation Workers Identification Card) Update

8. FINANCE AND ADMINISTRATION

- A. Informational presentation regarding the status of the Port's implementation of the Recommendations from the City Controller's Audit of the Port's Purchasing and Inventory Processes.
- B. Informational Presentation on the Port's Annual Operating Budget for Fiscal Year 2009-10.
- C. Informational Presentation on the Port's Proposed \$21 Million Capital Project Budget Funding for Fiscal Year 2009-10.
- D. Informational Presentation regarding the FY 2009-18 update to the Port's 10-Year Capital Plan.

9. PLANNING & DEVELOPMENT

- A. Informational presentation on commencement of Blue Greenway Planning Process. (Resolution No. 09-)

ITEM 9B WILL BE HEARD AT 4:15 P.M. (The Commission may decide to hear this item out of order (after any of items 9-12) if Item 9A is completed before 4:15 p.m., but in doing so, the Commission intends to return to Item 9B at 4:15 p.m.)

- B. Informational Presentation by Port Staff and the Potential Developer for the 16 Acre Mixed Use Development Opportunity at Seawall Lot 337 (includes AB 8719, Lot 002; AB 9900, Lot 62; AB 9900, Lot 048; and AB 9900, Lot 048H; all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street and Third Street)

10. NEW BUSINESS / AGENDA SETTING

- ◆ New Business
- ◆ Agenda Setting (Targeted Commission meeting, subject to change)
 - Informational Presentation of Embarcadero Design Standards Study to review function of the Promenade and develop standards to improve the quality of the pedestrian environment (February 24, 2009)
 - Informational presentation regarding the Construction Materials Recycling Center at SWL 352 with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. (February 24, 2009)
 - Request approval of the Port's Annual Operating Budget for Fiscal Year 2009-10 (February 24, 2009)
 - Request approval of the Port's Annual Capital Budget for Fiscal Year 2009-10 (February 24, 2009)
 - Request approval of the FY 2009-18 Update to the Port's 10-Year Capital Plan (February 24, 2009)
 - Request authorization to award a contract for Brownfields Environmental Investigation for Pier 70 (February 24, 2009)
 - Request approval to Execute First Amendment to the Amended and Restated Exclusive Negotiation Agreement with the Exploratorium for the development of Piers 15/17 Extending the Term and Amending the Benchmarks (Site Location: The Embarcadero at Green Street) (February 24, 2009)
 - Request approval of Self-Operation and Maintenance of Foreign Trade Zone (February 24, 2009)
 - Request authorization to award the Seawall Lot 351 Development Opportunity (Embarcadero at Washington) (February 24, 2009))
 - Request authorization to partner with the San Francisco Conservation Corps to seek funding for the Amador Street Swales Project under the California Proposition 84 Grant Program (February 24, 2009)
 - Informational Presentation regarding freight rail service to the Port of San Francisco (March 10, 2009)
 - Request approval of lease amendment with San Francisco Bay Railroad (March 10, 2009)
 - Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San

Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (March 10, 2009)

- Request authorization to issue Request for Proposals (RFP) for Parking Vendors for selected Northern Waterfront locations (March 10, 2009)
- Request authorization to award Pier 45 drainage improvements project (March 10, 2009)
- Request authorization to award a Professional Services Contract in an amount not to exceed \$75,000 to San Francisco State University to provide an educational program and water quality monitoring at Pier 45, Fisherman's Wharf (March 10, 2009)
- Request authorization to award Construction Contract No. 2725, Pier 80 Security Fences Project (March 10, 2009)
- Request approval of Lease L-14646 with San Francisco Soccer for a term of one year for paved land located at the Pier 27/29 Valley (March 10, 2009)
- Request approval of lease with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. for the Construction Materials Recycling Center at SWL 352 (March 10, 2009)
- Request authorization to issue Request For Proposals (RFP) for a pool of as-needed Architectural/Engineering Services for a period of 3 years. (March 24, 2009)
- Request authorization to award the Seawall Lot 337 Development Opportunity (April 28, 2009)
- Request authorization to award the Parking Lot RFP (May 26, 2009)
- Informational Presentation regarding the status of PG&E's environmental investigation at the Potrero Power Plant shoreline (Date to be determined)
- Informational Presentation regarding Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (Date to be determined)
- Request approval of a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (Date to be determined)
- Request approval of Tripartite Agreement among Port, Baydelta Maritime, Inc. and the Exploratorium regarding relocation of Baydelta from Pier 15 to Pier 17 as part of the Exploratorium's Historic Rehabilitation Project at Piers 15/17, located on the Embarcadero at Green Street. (Date to be determined)

11. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that

public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

12. COMMUNICATIONS

Communications to the Port Commission from January 9, 2009 to February 5, 2009:

- From Lynn Korwatch, Executive Director of Marine Exchange of the SF Bay Region, regarding the 2009 Golden Gate Ports Handbook
- From Golden Gate Disposal & Recycling Company, regarding the Annual Cioppino Dinner on January 22, 2009 at Golden Gate Disposal & Recycling Company
- From Jonathan Middlebrook, Golden Gateway Commons resident, regarding Seawall Lot 351
- From The Barbary Coast Neighborhood Association, copy of the BCNA News
- From the Potrero Boosters Neighborhood Association, copy of the Potrero Community Voice newsletter

13. ADJOURNMENT

FEBRUARY/MARCH 2009
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
February 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
February 24	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
March 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
March 24	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406.

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

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ACCESSIBLE MEETING INFORMATION

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at soft@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

February 5 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Informational Presentation Regarding the Status of the Port's
Implementation of the Recommendations from the City Controller's Audit
of the Port's Purchasing and Inventory Processes

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

Background

In the summer of 2006 Port staff requested the Controller's Office to conduct an audit of the Port's Maintenance Division's purchasing and inventory practices to determine:

1) whether the Port had adequate internal controls to prevent unauthorized purchases;
2) if it is purchasing items at appropriate prices from appropriate vendors; and, 3) if it maintains an accurate inventory of its materials and supplies. The Controller's Office commenced its audit in January 2007 and completed it in February 2008. The final report was issued on March 7, 2008 and presented to the Port Commission at its March 11 and September 23, 2008 meetings.

In short, the Controller's Office found that the Port's Maintenance Division had multiple weaknesses in its purchasing, receiving, and inventory practices. The Controller identified 56 recommendations to improve accountability over purchasing, receiving, and inventory functions. Port staff concurred with all of the recommendations. Because of the complexity of some of the recommendations such as replacing the Port's Computerized Maintenance Management System (Avantis) we estimated that it will take staff up to three years to implement all of the Controller's Office recommendations. This report is an update on the progress Port staff have made in implementing the Controller's recommendations.

This Print Covers Calendar Item No. 8A

Status of Implementing the Controller's Audit Recommendations

Port staff has done the following in response to the Controller's audit recommendations:

Prior to March 2008

Port staff had already implemented some of the recommendations including;

- a. sending staff to an inventory class
- b. requiring that vendor deliveries be made to the storeroom
- c. drafting purchasing and inventory policies
- d. initiating a needs assessment to replace Avantis

March 2008 to September 2008

1. Wrote and issued Policy Directives regarding:
 - a. Purchasing by the Maintenance Division
 - b. Vendor Payments for Maintenance Division Purchases
 - c. Inventory Control
 - d. Receiving Vendor Deliveries
 - e. Charging to Appropriate Work-orders
 - f. Business Property – Official Use and Inventory Listing
 - g. Signature Files – Transaction Approval Responsibility
2. Held an all-hands staff meeting at the Maintenance Division to distribute the Policy Directives, review the audit findings and recommendations, and discuss implementing the Controller's recommendations.
3. Formed interdivisional teams to develop detailed plans required to implement the audit recommendations:
 - a. **Executive Steering Committee** to meet bi-weekly and oversee the Port's progress in implementing the audit recommendations.
 - b. **Purchasing Committee** to review the Port's requisitioning and tracking processes and recommend ways to streamline and better organize it. The Purchasing Committee has developed detailed draft purchasing procedures.
 - c. **Receiving and Materials Management Committee** to organize and fully implement a centralized receiving function for the Maintenance Division as well as make improvements to materials management. The Receiving and Material Inventory Committee has developed detailed draft procedures.
 - d. **Payment Committee** to reorganize the Port's payment process such that payments are timely, consistent with the purchase order price and that there is proper segregation of duties. The Payment Committee has developed detailed draft procedures.

- e. **Avantis Replacement Steering Committee** to identify and implement the appropriate computer system to replace Avantis, the current Computerized Maintenance Management System, as well as to identify feasible interim improvements. The Avantis Replacement Steering Committee has developed requirements for a new maintenance management system. Port staff drafted a Request for Proposals (RFP) to hire a consultant to conduct an initial assessment by January 2009 that would identify:
 - i. Available vendor software packages that satisfy the Port's requirements;
 - ii. Interfaces the Port will need to build between the new system and existing Port and City systems;
 - iii. Requirements to decommission the existing system; and
 - iv. Cost, time and resource estimates to procure and implement a new computerized maintenance management system.
- 4. Segregate Employee Parking from Port Vehicle Parking - The segregation of employee vehicles from Port vehicles was achieved by creating an employee-only parking lot that is contained within fencing adjacent to the Pier 50 Maintenance Facility. Port staff completed in June 2008.
- 5. Re-key the Storeroom at Pier 50 - Completed in March 2008.

September 2008 to February 2009

- 1. The Purchasing Committee, Receiving and Materials Management Committee and Payment Committee completed the Maintenance Division Procurement Process and Procedures Manual.
 - a. Conducted a meeting with all affected staff to review procedures and to distribute manuals. Procedures were implemented immediately.
 - b. Vendor delivery driver directional signs installed.
- 2. Materials Management
 - a. Focused month-end physical counts for inventory materials at Piers 70 and 90 (treated lumber and piles)
 - b. Commenced identification and segregation of surplus items for disposal
 - c. Maintenance Shops have begun the evaluation of shop inventory and submitted estimated quantity and values of existing inventory.
 - d. Identified funding, subject to Port Commission approval of the FY 2009-10 annual Capital Budget, for increased covered storage at Pier 50 to consolidate inventory from other locations
- 3. Transferred storeroom and accounting positions from Maintenance to Finance and Administration.

4. Avantis Replacement Steering Committee developed requirements for a new computerized maintenance management system. Port staff hired a consultant to conduct an initial assessment to verify these requirements and identify:
 - a. Available vendor software packages that could satisfy the Port's requirements;
 - b. Interfaces the Port will need to build between the new system and existing Port and City systems;
 - c. Requirements to decommission the existing system; and
 - d. Cost, time and resource estimates to procure and implement a new maintenance management system.

The consultant completed the initial assessment in early January 2009. The Port's FY 2009-10 proposed Budget includes funding to implement a new maintenance management system.

February 2009 to August 2009 Objectives

1. The Port is collaborating with the Department of Public Works to establish the criteria for a common RFP (with the potential of including other, interested, City Departments). If this is successful the target date for issuing the RFP will be the end of April 2009. The advantage of this would be to obtain "enterprise pricing" from the vendor to reduce the overall cost of the package which would include software, installation, and training. A selection committee will establish a short list of finalists who will be invited to present their respective software programs for evaluation in September 2009. After a selection is made and installation has begun the Port Information Services group will transfer legacy data from the Avantis system into the new CMMS program.
2. Materials Management Improvements
 - a. Complete purge of unneeded materials (obsolete, surplus and salvage)
 - b. Determine appropriateness of and implement procedure to account for any "base stock" held by individual shops
 - c. Implement procedure to maintain accountability for unused materials purchased for capital projects, which are segregated and stored at various locations
 - d. Revitalize/improve interim replenishment process (in current system)
3. Global Positioning System (GPS) - The City has awarded a contract for GPS. The Port will draft an implementation plan for the installation of GPS units in its vehicles.

Conclusion

Port staff has substantially completed implementation of the recommendations from the Controller's audit of its purchasing and inventory functions. During the last six months the Purchasing, Receiving and Materials Management, and Payment Committees

completed and distributed the *Port of San Francisco, Maintenance Division, Procurement Process and Procedure* manual. The Receiving and Materials Management Committee continued to evaluate inventory and materials management with a focus on quantifying existing shops inventory, identifying inventory as useful or surplus, and consolidating inventory from multiple locations into one at Pier 50. The Avantis Replacement Steering Committee worked with a computer consultant to verify the requirements for a new computerized maintenance management system and to provide the Port with an analysis based guidance for the selection of vendor.

Port staff believes that it will take two more years (March 2011) to fully implement the final audit recommendation of a new Computerized Maintenance Management System primarily due to the time and effort required in procurement and implementation. The Port's FY 2009-10 proposed Budget contains funding for the new computer system. Staff will keep the Port Commission apprised of our progress through our standard procurement process. We expect to seek Port Commission approval of a vendor contract in September 2009.

Prepared by: Tina Olson
Deputy Director, Finance and Administration

Tom Carter
Deputy Director, Maintenance

Dave Deasy
Senior Analyst, Maintenance Division

John Woo
Fiscal Officer



MEMORANDUM

February 5, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Fiscal Year 2009-10 Operating Budget

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

The purpose of this item is to provide an overview of the Port's proposed Fiscal Year 2009-10 operating budget to allow Port Commission and public feedback. The Port Commission is scheduled to approve the Port's FY 2009-10 budget at its February 24, 2009 meeting. Following Port Commission approval, the budget will then be reviewed by the Mayor's Office, which will submit the budget to the Board of Supervisors by the first of May 2009. The Board will give final consideration to the budget on or about July 31, 2009. The proposed Fiscal Year 2009-10 Overall Budget is summarized as follows:

	<u>Budget</u> <u>2008/09</u>	<u>Budget</u> <u>2009/10</u>	<u>Increase / (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Sources				
Estimated Fund Balance	\$13,396,258	\$16,722,692	\$3,326,434	24.8%
Revenue	64,538,548	63,376,800	(1,161,748)	-1.8%
Closed Capital Projects	<u>1,106,321</u>	<u>0</u>	<u>(1,106,321)</u>	<u>-100.0%</u>
Total Sources	<u>\$79,041,127</u>	<u>\$80,099,492</u>	<u>\$1,058,365</u>	<u>1.3%</u>
Uses				
Operating Expense	\$58,966,197	\$59,533,349	\$567,152	1.0%
Capital Appropriations	6,941,000	7,477,700	536,700	7.7%
Annual Projects	4,291,524	4,156,683	(134,841)	-3.1%
Operating Reserve	<u>8,842,406</u>	<u>8,931,760</u>	<u>89,354</u>	<u>1.0%</u>
Total Uses	<u>\$79,041,127</u>	<u>\$80,099,492</u>	<u>\$1,058,365</u>	<u>1.3%</u>
Operating Reserve as a Percent of Operating Expense	15%	15%		

This Print Covers Calendar Item No. **8B**

The table above identifies all of the Port's revenue sources including Estimated Fund Balance that the Port uses to fund capital projects and the budgeted operating reserve.

With respect to the operating budget, based on the current economic downturn we project operating revenues to decrease by approximately \$1.2 million or 1.8% from FY 2008-09 and operating expenses to increase by \$567,153 or 1.0%. Additionally, we propose to increase the Port's operating reserve by \$89,353 to maintain 15% of operating expenses consistent with the Port Commission adopted operating reserve policy. The Estimated Fund Balance has increased by approximately \$3.3 million.

Each of the primary changes to the Port's FY 2009-10 budget is described in more detail below.

Revenue

The proposed revenue budget of \$63,376,800 for FY 2009-10 reflects a \$1.2 million decrease or 1.8% less than the FY 2008-09 budget. Projected revenues for FY 2009-10 are as follows:

	Budget 2008/09	Budget 2009/10	Increase/(Decrease)	
			Amount	Percent
Cargo	\$4,740,000	\$4,497,500	(\$242,500)	-5.1%
Ship Repair	1,000,000	855,000	(145,000)	-14.5%
Harbor Services	995,000	1,335,000	340,000	34.2%
Cruise	1,565,000	1,980,000	415,000	26.5%
Fishing	1,850,000	1,820,000	(30,000)	-1.6%
Other Marine	1,368,000	1,744,000	376,000	27.5%
Commercial/Industrial	39,217,248	38,740,000	(477,248)	-1.2%
Parking	10,794,000	10,400,000	(394,000)	-3.7%
Filming	25,000	0	(25,000)	-100%
Special Events	100,000	100,000	0	0%
Miscellaneous Services	105,000	105,000	0	0%
Facility Damage	6,000	6,000	0	0%
Permits	710,000	366,000	(344,000)	-48.5%
Miscellaneous Repairs	30,000	30,000	0	0%
Negotiation Fees	350,000	250,000	(100,000)	-28.6%
Interest on Investments	1,330,000	795,000	(535,000)	-40.2%
Penalties & Svc. Charges	19,300	19,300	0	0%
Miscellaneous Receipts	<u>334,000</u>	<u>334,000</u>	<u>0</u>	<u>0%</u>
Total Revenues	<u>\$64,538,548</u>	<u>\$63,376,800</u>	<u>(\$1,161,748)</u>	<u>-1.8%</u>

The changes in the FY 2009-10 revenue budget compared to the prior fiscal year are as follows:

- Cargo revenues are projected to decrease by \$242,500 or 5% primarily as a result of the Foreign Trade Zone (FTZ) operation terminating at Piers 19/23. However, the Real Estate

Division is directly leasing the space at Piers 19/23 with those FTZ's subtenants who wish to do so. Unfortunately, some of the FTZ's subtenants have chosen to leave. As a result, the Port's FY 2009-10 budget includes \$300,000 related to Piers 19/23 former FTZ subtenant leases or \$324,000 less than the amount budgeted in FY 2008-09.

- Ship Repair revenues are projected to decline by \$145,000 or 15% based on revenues the Port has received in the current year.
- Harbor Services revenues are projected to increase by \$340,000 or 34% based on the new lease with the San Francisco Bar Pilots at Pier 9 effective January 2010.
- Cruise revenues are expected to increase by \$415,000 or 27% based on the recent restructuring of and overall increase to the cruise related fees from per passenger volume based tiered rates to a bundled passenger rate that includes dockage fees.
- Other Marine revenues are expected to increase by \$376,000 or 27% based on continued increases in Marad vessels' layberth activity.
- Commercial/Industrial rent is expected to decrease by \$477,248 or 1% primarily due to declining percentage rents of \$2.4 million or approximately 18% based on a similar decline the Port experienced following the 9/11 event. The \$2.4 million reduction in percentage rent revenue is off-set by an increase of approximately \$2 million in base rents associated with existing leases and new leases resulting from lease negotiations currently underway for vacant space at Piers 29, 29.5, 54, 80 and 96.
- Parking revenue is projected to decrease by \$394,000 or 4% primarily due to expectations that the downturn in the City's economy will reduce demand for parking which will result in reduced parking revenues at the Port.
- Building Permit revenues are expected to decline by \$344,000 or 48% based on the expectation that the Port's tenants will not invest in tenant improvements given the current economic downturn. The City's Department of Building Inspection and Department of City Planning have experienced similar downturns in the number of permit applications.
- Negotiation fees are expected to decline to \$250,000 or the same amount collected in FY 2007-08.
- Interest on Investments is expected to decrease by \$535,000 or 40% based on interest rates decreasing from 2.5% to 1.5%.

Expense

The proposed FY 2009-10 expense budget of \$63,690,033¹ is a \$432,312, or 0.7% increase over the prior fiscal year. The expense summary for FY 2009-10 is as follows:

	<u>Budget</u>	<u>Budget</u>	<u>Increase / (Decrease)</u>	
	<u>2008/09</u>	<u>2009/10</u>	<u>Amount</u>	<u>Percent</u>
Salaries & Benefits	\$27,036,174	\$28,534,639	\$1,498,465	5.5%
City-wide Overhead	538,550	538,550	0	0%
Other Current Expenses	9,315,931	8,860,518	(455,413)	-4.9%
Materials & Supplies	1,374,193	1,482,246	108,053	7.9%
Fixed Charges	668,436	632,187	(36,249)	-5.4%
Capital Outlay (Equipment)	848,058	254,038	(594,020)	-70.0%
Annual Projects	4,291,524	4,156,683	(134,841)	-3.1%
Debt Service	4,702,720	4,702,720	0	0%
ADM - Insurance & Risk	2,100,033	1,890,033	(210,000)	-10.0%
City Attorney - Legal Services	2,554,650	2,554,650	0	0%
Fire Protection Services	2,736,582	2,736,582	0	0%
DHR – Workers Compensation	826,811	826,811	0	0%
PUC - Light, Heat & Power	1,396,419	1,656,275	259,856	18.6%
All Other Departments	4,452,651	4,449,112	(3,539)	-0.1%
Interdepartmental Recovery	(169,000)	(169,000)	0	0%
Revenue Transfer Out - DPT	<u>583,989</u>	<u>583,989</u>	<u>0</u>	<u>0%</u>
 Total Expenses	 <u>\$63,257,721</u>	 <u>\$63,690,033</u>	 <u>\$432,312</u>	 <u>0.7%</u>

As described below, the major increases in the FY 2009-10 expense budget over the prior fiscal year are in salaries and mandatory fringe benefits which were primarily off-set by decreasing Other Current Expenses and Capital Outlay.

- Salaries and mandatory fringe benefits are projected to increase by a total of \$1,498,465 or 5.5%, approximately \$1 million of which is associated with a 66% increase in the Port's contributions to the City's retirement fund requiring larger contributions to meet its statutory funding requirements. Similar to other entities, the City's retirement fund has experienced poor returns on investments. The remaining \$451,479 is related to increases in salaries due to annualizing the increase in salaries granted in the City's 2007 memorandums of understandings (MOUs) with the labor unions.
- Other Current Expenses decreased by a total of \$455,414 or 4.9% due to reducing the budgets for (1) Professional Services by \$468,600 primarily in Planning and Development and Finance and Administration divisions, (2) Travel, Training and Membership Fees by \$28,184, (3) Promotions and Entertainment by \$48,800, and (4) other miscellaneous accounts by \$24,368.

¹ The \$63,690,033 expense budget includes Operating Expenses of \$59,533,349 plus \$4,156,683 for Annual Projects that are summarized in the table on the first page of this report. Thus, total expenses increased by 0.7% while annual operating expenses that exclude the annual projects increased by 1.0%.

The affect of these reductions will be to issue fewer consulting contracts for those divisions. We do not anticipate these reductions significantly affecting our ability to complete projects due to the professional services contracts issued in FY 2008-09 that will extend into FY 2009-10. The remaining reductions will essentially result in Port staff taking fewer marketing trips and attending fewer Port funded trainings.

In addition, we increased funding for rent, utilities, and maintenance services related to equipment by \$114,088 based on increased rates.

- Capital Outlay is expected to decrease by \$594,020 or 70% due to replacing fewer vehicles in FY 2009-10 than the Port replaced in FY 2008-09. Assuming the Port's revenues recover in FY 2010-11, the Port will reinstitute its vehicle replacement program.
- Annual Projects decreased by \$134,841 primarily by reducing various project budgets that will not have an impact on the ability of Port staff to deliver projects.
- The Ports work-order to the PUC's Bureau of Light Heat and Power increased by \$259,856 to begin repaying funds PUC advanced to install energy efficiency improvements on Port property.
- The Port reduced its work-order to Administrative Services for Insurance and Risk Management by \$210,000 due to reduced insurance premiums.
- The Port reduced its budget to the Division of Real Estate (DRE) by \$196,308 to reflect the Port's work-order agreement with DRE to fund a Principal Property Manager position for the first six months of FY 2009-10 to complete working on the back-log of the Port's hold-over leases. We included funding to cover part-time assistance from DRE for the remaining six months in FY 2009-10 to continue certain work on the Port's hold-over leasing project.

Staffing Changes Proposed in the Port's FY 2009-10 Budget

There are no position changes in the Port's proposed FY 2009-10 budget.

Conclusion

The Port's proposed FY 2009-10 operating budget is a modest 0.7% increase from FY 2008-09 while adding \$89,353 to the Port's operating reserve. The Port's FY 2009-10 total expense budget of \$63,690,033 including operating expenses and annual projects is \$31,323 more than the operating revenues of \$63,376,800. The \$31,323 difference will be funded by the Port's fund balance. The Port's practice has been to use fund balance for its capital appropriations and operating reserve or one-time uses. The Port's FY 2009-10 total expense budget includes several one-time costs such as the \$4,156,683 budgeted for annual projects. Thus, using \$31,323 from the Port's fund balance is consistent with the Port's practice of using fund balance for one-time expenses.

The primary increase to the Port's budget is for salaries and fringe benefits which reflect wage increases and increased contributions to the City's retirement fund. The budget continues to provide funding for professional services and one-time projects that will enable the Port to repair, manage, and develop the City's waterfront. The Port's FY 2009-10 revenue budget includes conservative

estimates for percentage rents, rent from parking lots, building permits, and developer fees to reflect the downturn in the nation and City's economy. In addition, the Port's proposed revenue budget for interest on investments assumes a reduction of \$535,000 to reflect further interest rate reductions. While this budget is not ideal, because of a diverse revenue base the Port appears to be able to weather the current economic downturn.

In addition, as noted in Item 8D on the Port's 10-year Capital Plan, the Port will retire its existing revenue bond debt on July 1, 2009, the annual debt service of which is \$4.5 million. With the \$4.5 million in annual savings, we plan to issue new revenue bonds in FY 2009-10 to fund several projects that will generate additional revenues for the Port as well as serve as an economic stimulus for the City. To that end, there is \$4.5 million in the Port's FY 2009-10 budget for debt service.

Port staff will seek Commission approval of the FY 2009-10 budget at its February 24, 2009 meeting. We welcome your comments and/or input.

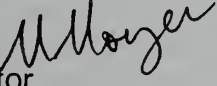
Prepared by: Tina Olson
Deputy Director, Finance and Administration



MEMORANDUM

February 5, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney A. Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Proposed \$21.0 Million Capital Project Budget Funding for Fiscal Year 2009/10

DIRECTOR'S RECOMMENDATION: Informational Only - No Action Required

Attached is the annual Capital Project Budget that Port staff is proposing for Fiscal Year 2009/10. The Capital Project Budget is being presented for the Port Commission's review, comment and input. The final Fiscal Year 2009/10 Capital Project Budget will be returned to the Port Commission for approval at its February 24, 2009 meeting.

Over the past several months, the Executive Director, the Capital Project Budget Committee (CPBC) (comprised of the Port's Deputy Directors and the Chief Harbor Engineer), and other key Port staff met to review and prioritize capital project funding requests for FY 2009/10 that were submitted by the Port's Divisions. The Executive Director and CPBC used the following criteria to determine which projects to recommend to the Port Commission for funding: (i) health and safety issues; (ii) completion of funding for projects that are currently underway; (iii) preservation of Port assets; (iv) prevention of loss of revenue to the Port; v) maintenance of Port facilities; and (vi) revenue generation. Funding for these projects will be provided by the unappropriated balance from the Port's operating fund, and the partial defunding of a previously approved capital project.

The proposed Fiscal Year 2009/10 Capital Project Budget also includes capital projects to develop the Port's waterfront parks. Funding for these projects will come from the second issuance of the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond that is currently scheduled for October, 2009.

The FY 2009/10 proposed budget for capital projects totals \$21,034,362, as detailed in Exhibit I, and includes \$7,477,000 in Port funding, and \$13,557,362 in funding from the 2008 Clean and Safe Neighborhood Parks General Obligation Bond.

This Print Covers Calendar Item No. 8C

The capital project budget that staff is proposing for FY 2009/10, shown in Exhibit I, includes Port funding for: (i) the Port's maintenance dredging program for next year; (ii) construction of new restrooms at the entrance to the Pier 35 cruise terminal; (iii) replacement of deteriorated fender piles and camels at Pier 45; (iv) exterior painting, weatherproofing, and window upgrades to Roundhouse 2; (v) construction of new covered materials sheds for the Port's Maintenance Department; and (vi) the repainting of two cargo cranes at Pier 80.

Also included in the proposed capital project budget is additional Port funding for: (i) a capital project established to make physical improvements to Port facilities to make them more accessible to the disabled; (ii) capital projects established to repair the pier structures and utility infrastructure of Port facilities; (iii) a capital project to fund capital improvements needed as part of the leasing process; and (iv) the Illinois Street Bridge. Staff is requesting \$650,000 for the Illinois Street Bridge to cover a shortfall in recovery from a \$3.2 million Federal earmark grant that the Port received for the bridge. The \$3.2 million grant was allocated over five years based on available Federal appropriations. The Federal Highway Administration (FHWA) significantly reduced the 4th and 5th year allocations such that \$650,000 in Port funds are now needed to fully fund the project. Caltrans staff, who administer the grant for FHWA, indicated that the reduction in grant funds was the result of a reduction in Federal appropriations. Caltrans staff indicated that the State and local jurisdictions were similarly affected.

The proposed FY 2009/10 capital project budget also includes funding from the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond for: i) detailed design of the Blue Greenway projects; ii) construction of Pier 43 Bay Link Trail; and iii) construction of the Bayfront and Brannan Street Wharf parks.

Based on the Port's existing capital project needs and identified funding sources, Port staff submits to the Port Commission the attached proposed Capital Project Budget for Fiscal Year 2009/10 for its review, comment, and input.

The FY 2009/10 Capital Project Budget will return to the Port Commission for adoption at its February 24, 2009 meeting.

Prepared By: Lawrence Brown, Financial Analyst
For: Tina Olson, Deputy Director of
Finance and Administration

EXHIBIT I**Capital Projects
Proposed Funding for FY 2009/10**

Project	<u>Operating Fund</u>	<u>Park G.O. Bond</u>	<u>Total Funding</u>
<i>Fisherman's Wharf</i>			
Pier 45 Fender & Camels Project	600,000	0	600,000
Pier 43 Bay Link Trail- Construction	0	6,334,125	6,334,125
<i>Northeast Waterfront</i>			
Pier 35 Bathrooms	250,000	0	250,000
Roundhouse Paint, Weatherproofing and Window Upgrade	200,000	0	200,000
<i>Ferry Building Area & South Beach</i>			
Brannan Street Wharf Park - Construction	0	2,941,050	2,941,050
<i>Southern Waterfront:</i>			
Pier 50 Maintenance Covered Material Sheds	420,000	0	420,000
Pier 80 Crane Painting and Upgrade Project	400,000	0	400,000
Bayfront Park - Construction (Mission Bay shoreline protection project)	0	2,518,937	2,518,937
Blue Greenway Projects Design		1,763,250	1,763,250
Illinois Street Bridge - Add'l Funding to Replace Federal Grant			
Funds	650,000	0	650,000
<i>Portwide Projects:</i>			
Dredge Materials Testing – FY 2009/10 Program	400,000	0	400,000
Maintenance Dredging – FY 2009/10 Program	2,100,000	0	2,100,000
Port ADA Transition Plan – Add'l Funding	350,000	0	350,000
Utilities Project – Add'l Funding	500,000	0	500,000
Pier Structures Repair Project, Phase II – Add'l Funding	1,107,000	0	1,107,000
Leasing Capital Improvement Project - Add'l Funding	400,000	0	400,000
Waterfront Sewer Pump Project, Phase II	100,000	0	100,000
Total Proposed Project Funding	\$7,477,000	\$13,557,362	\$21,034,362

FY 2009/10 CAPITAL PROJECT BUDGETS

(Port Funds)

<u>Project Name</u>	<u>Amount</u>	<u>Description</u>
Pier 45 Fender and Camels Project	\$600,000	<p>This project provides funding to replace 900 linear feet of deteriorated fender pile at Pier 45 West with new pile using the existing layout. Funding is also provided to replace deteriorated camels with new plastic camels in front of new fender pile.</p> <p>The deteriorated condition of the fendering system at Pier 45 West has reduced the usable area for docking fishing boats and has produced obstructions that create safety concerns. Replacing the fenders and camels will increase dockage revenue by returning the entire length of dock space at Pier 45 West to productive use, aid in the mooring of the fishing boats & off loading product, and improve the vitality of the fish processing center.</p>
Pier 35 Bathrooms	\$250,000	<p>Project provides funding to construct two new restroom facilities to be located at the entrance to the Pier 35 Cruise Terminal facility.</p> <p>Currently there are no restroom facilities available at the entrance to the Cruise Terminal at Pier 35. The closest restrooms are located inside the terminal past the security checkpoints. Having restrooms at the front of the facility, outside of the secure area would: i) help keep embarking and disembarking passengers separate; ii) reduce travel for passengers who need to access the restrooms, and iii) allow passenger family members, limo and taxi drivers access to restrooms.</p>
Roundhouse Paint, Weatherproofing and Window Upgrade Project	\$200,000	<p>This project provides funding for the exterior painting and weatherproofing of the Port facility known as Roundhouse No. 2. The project scope includes sealing and painting the exterior to make the building watertight, replacing the existing single pane windows with new energy efficient windows, and the replacing of old window caulking.</p> <p>During storms, water penetrates the building causing substantial damage to floors and to tenant spaces. This, in turn, contributes to damage of the building, and significant cost to the Port due to lost rent, and the need to reimburse tenants for losses that they incur as a result of the water damage.</p>
Pier 50, Maintenance Covered Material Sheds	\$420,000	<p>This project will fund the construction of covered steel sheds at the Port's maintenance facility at Pier 50, Shed D. The sheds will be used for the storage of treated lumber, and other materials.</p> <p>The Port's maintenance department currently stores its treated lumber at building 116 on Pier 70. This building is part of a planned redevelopment of the Pier 70 area. Redevelopment of this area would leave the Port without a suitable facility for the storage of its treated lumber. Environmental regulations require treated lumber to be stored in a</p>

FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)

(Port Funds)

<u>Project Name</u>	<u>Amount</u>	<u>Description</u>
		covered facility in order to prevent the materials that were used to treat the lumber from entering the storm drain systems which dump directly into the San Francisco Bay.
Pier 80 Crane Painting and Upgrade Project	\$400,000	<p>This project would fund the repainting of two cargo cranes at the Port's Pier 80 Cargo Terminal. Funding is also provided for the abatement and disposal of lead-based paint, and upgrades to handrails & walking platforms required to operate the cranes. Painting the cranes protects them against the harsh marine environment.</p> <p>Failure to repaint the cranes will cause deterioration and metal fatigue of vital components required to maintain their structure integrity, and lead to more costly repairs in the future. This work is also required in order to maintain the cranes' operating certification from CAL/OSHA.</p>
Illinois Street Bridge - Add'l Funding to Replace Federal Grant Funds	\$650,000	<p>This project funds the design and construction of an inter-modal (rail & truck) bridge across the Islais Creek Channel including approaches and related improvements. The bridge provides direct rail and truck connections between Pier 80 and Pier 94/96 along the Illinois Street right of way.</p> <p>Additional funding is now needed to cover a shortage in recovery from a \$3.2 million Federal earmark grant that the Port received for the bridge. The \$3.2 million grant was allocated over five years based on available Federal appropriations. The Federal Highway Administration (FHWA) significantly reduced the 4th and 5th year allocations such that \$650,000 in Port funds are now needed to fully fund the project.</p>
Dredge Materials Testing – FY 2009/10 Program	\$400,000	<p>This project will fund the testing of sediments to be dredged for chemical and biological contaminants. This project supports the Port's dredging activities for FY 2009/10.</p> <p>Environmental regulations require chemical and biological testing of the sediments in any area to be dredged in order to determine the amount (if any) of contaminants in the soil. Results of the testing are used to determine the proper disposal site.</p>
Maintenance Dredging – FY 2009/10 Program	\$2,100,000	<p>This project will fund the Port's dredging activities for FY 2009/10. It will fund dredging at Piers 27, 35 and Fisherman's Wharf. Maintenance dredging is necessary for the continued operation of Port maritime facilities. Dredging keeps berths and channels at navigable depths, including sites where the Port has contractual obligations with shipping lines and operators.</p>

FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)

(Port Funds)

<u>Project Name</u>	<u>Amount</u>	<u>Description</u>
Port ADA Transition Plan – Add'l Funding	350,000	<p>This project provides funding for physical improvements to the Port's public facilities to make them accessible to the disabled. Since FY 1998/99, \$1,633,961 has been appropriated for this project; almost all of which has been committed for specific ADA projects.</p> <p>Additional funds are now needed for the following projects: i) construction of curb ramps, signage, and accessible parking improvements along the Embarcadero roadway; and ii) construction of accessibility improvements to correct the slope of the over-water walkways located on the Fisherman's Wharf Inner Harbor behind the Taylor Street businesses. The walkway slopes currently exceed the maximum allowed slope of 1:12. Project funding is also available for other accessibility repairs and improvements as needed.</p>
Utilities Project – Add'l Funding	\$500,000	<p>This project provides funding for necessary utility repair and capacity related improvements to the utility infrastructure servicing various Port facilities. Utilities include electric power, lighting, telephone, gas, HVAC, water, electronic security, sewer and drainage service. This project also funds fire system certification, and needed repairs and improvements to fire and alarm systems at various facilities. Also included is funding for labor and equipment as needed to facilitate the repairs. Since FY 2003/04, \$2,575,000 has been appropriated for this project; almost all of which has been committed for specific utility projects.</p> <p>Additional funds are now needed for fire protection inspection and testing, utility mapping, and replacement of the HVAC system at Roundhouse 2. Funding provided is also available for utility-related repairs at other facilities as needed.</p>
Pier Structures Repair Project, Phase II - Add'l Funding	1,107,000	<p>This project funds engineering, permitting, inspection and repair of, or improvements to, the Port's deteriorated pier structures including substructures, superstructures, and marginal wharfs. Funds are also provided for labor and equipment as needed. Since FY 2007/08, \$1,907,500 has been appropriated for this project; almost all of which has been committed for pier repair projects.</p> <p>Additional funds are now needed for the repair of the Ferry Building north public access plaza, and repair of the aprons at Piers 19, 26, 28 and 50, Shed B. Funding provided will also cover pier-related repairs at other facilities as required.</p>

FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)
(Port Funds)

<u>Project Name</u>	<u>Amount</u>	<u>Description</u>
		Repairing the Port's pier structures is necessary to ensure: (i) the continued safe operation of the Port's pier superstructures and buildings, (ii) the preservation of lease revenues, and (iii) the extension of the economic life of the Port's pier and marginal wharf assets.
Leasing Capital Improvement Project - Add'l Funding	400,000	<p>As part of lease negotiations with Port tenants, or potential tenants, it is sometimes necessary for the Port to make certain improvements to a facility in order to close a lease. This project provides funding for capital improvements needed as part of the leasing process. Improvements financed may include, but are not limited to, electrical and plumbing upgrades, roof repairs, HVAC, structural improvements, ADA upgrades, paving, and fencing.</p> <p>Additional funding is now needed for various urgent repairs and improvements to Pier 19/23 that the Port has recently taken over management of from the Foreign Trade Zone. Funding is also available for capital improvements to facilitate leasing at other sites, as needed.</p>
Waterfront Sewer Pump Project, Phase II	100,000	<p>This project will fund the purchase of electric motors, pump, and controls, and related parts & supplies need to: i) repair sewer pumps currently in use along the Port's waterfront; and ii) build a set of backup sewer pumps.</p> <p>Many of the Port's sewer pumps are over 40 years old and beginning to fail. The Port's maintenance staff is constantly moving operating pumps between pump stations in order to maintain sewer service for our tenants and for restrooms located in public access areas. This project will help to make the Port's sewer system more dependable</p>

Total Proposed Project Funding - Port Funds \$7,477,000

FY 2009/10 CAPITAL PROJECT BUDGETS

(Park G.O. Funds)

Project Name	Amount	Description
Pier 43 Bay Link Trail- Construction	\$6,334,125	<p>This project provides funding for a new public promenade in Fisherman's Wharf. Funding is also provided for: i) the removal of the existing piers and sidewalk back to the seawall; ii) the repair of the seawall; and iii) shoreline protection. A supplemental appropriation approved in October, 2008 provided \$1,315,875 in funding for site inspection, design and other soft costs. \$6,334,125 in additional funding is now needed for construction of the promenade and related improvements.</p> <p>Building a new public promenade in the heart of Fisherman's Wharf will enhance the quality of the pedestrian experience, and provide for an open space destination. The Promenade will also close a gap in the San Francisco Bay Trail.</p>
Brannan Street Wharf Park - Construction	\$2,941,050	<p>This project completes the funding needed for the construction of a 57,000 square foot over-water, pile supported public plaza to be located adjacent to the Embarcadero Promenade between Pier 30/32 and Pier 38. [Port funds in the amount of \$17,637,525, including interest earnings through December 2008, will provide the remaining funds needed for the construction of this plaza.] The plaza will include a neighborhood green space, a public float for small boats, and seating and picnic areas.</p> <p>This project fulfills the San Francisco Waterfront Land Use Plan's goal of attracting people to the waterfront, and policies in the Waterfront Design & Access Element document requiring the construction of a major new open space at this location.</p>
Bayfront Park - Construction	\$2,518,937	<p>This project provides funding for the rebuilding of approximately 1,000 linear feet of bay shore and slope from the Pier 52 parking lot to Agua Vista Park. A supplemental appropriation approved in October 2008 provided \$431,063 in funding for design of the improvements. \$2,518,937 in additional funding is now needed for construction of the bay shore and slope.</p> <p>This project will allow Catellus to develop and construct the planned Bayfront Park to the water's edge. This park will provide an important open space in the San Francisco Mission Bay area.</p>

FY 2009/10 CAPITAL PROJECT BUDGETS (cont)
(Park G.O. Funds)

<u>Project Name</u>	<u>Amount</u>	<u>Description</u>
Blue Greenway Projects Design	\$1,763,250	<p>This project will provide the funds necessary for the first phase of the development and construction of a series of open space improvements identified by the City's 2006 Blue-Greenway Task force.</p> <p>A supplemental appropriation approved in October 2008 provided \$770,000 in initial funding for this project. \$1,763,250 in additional funding is now needed to begin the implementation (design development and construction drawings) of Blue Greenway projects that are identified through the Port led community planning process for the Blue Greenway Planning and Design Guidelines that will be initiated in February 2009.</p> <p>Construction of Blue Greenway open space improvements will benefit the City's southern neighborhoods, and continue public waterfront access into the Port's Southern Waterfront area.</p>

Total Proposed Project Funding -
Park G.O. Bonds

\$13,557,362



MEMORANDUM

February 5, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: The Port's 10-Year Capital Plan FY 2009-18 Update

DIRECTOR'S RECOMMENDATION: Informational Presentation – No Action Required

Background

As required by the City's Administrative Code 2.30 – 2.31, Port staff updated its comprehensive 10-Year Capital Plan to address the Port's outstanding capital needs which is due to Mayor Gavin Newsom and the Board of Supervisors on March 1, 2009 and is expected to be adopted through Board of Supervisors legislation by May 1, 2009. As required, Port staff submitted a draft plan to the City on December 23, 2008. The schedule of needs and funding sources included with the Port's draft plan submitted to the City is attached to this report. The Port's internal version of the 10-Year Capital Plan, which accompanies this staff report, is a more detailed version of the Port's draft submission to the City's FY 2009-18 Capital Plan.

Overview

The Port's first 10-Year Capital Plan issued in spring 2006 demonstrated the magnitude of the Port's financial challenges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – was insufficient to the task. Without new public sources of funding, private sector investment in the Port will not succeed in revitalizing the Port and its historic structures.

This Print Covers Calendar Item No. 8D

However, since 2006, Port staff and the Port Commission have been laying the groundwork for a new approach to financing waterfront improvements.

The proposed 10-year capital plan identifies a total need of approximately \$2 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is approximately \$140 million greater than the \$1.86 billion identified in the Port's FY 2008-09 10-year Capital Plan. This increase is primarily the result of the 6% annual cost escalation used by the City and County of San Francisco (CCSF) and incorporated into this plan.

The largest element of the Port's Plan is the rehabilitation and redevelopment of the heavily blighted Pier 70 area, with an estimated need of approximately \$650 million for that area. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of an open space park area near the water's edge.

Of the \$2 billion in total need, the Port has identified a total of \$650 million in funding including: Port tenant obligations, the Port's operating budget, revenue bonds, development projects, Infrastructure Financing District bonds, and General Obligation bonds. While Port staff hope that much of this work can be completed through private development, much of it must be completed with other sources of funding in order to attract private development interest and funding. The Port has developed policy options to address the unfunded portion of its plan including use of grant funds, tax increment financing, and potential private development options.

In November 2008, San Francisco's voters approved Proposition D which provides an option for the Board of Supervisors to capture 75% of the payroll and hotel tax increment generated by future Pier 70 development to help fund Pier 70's immense public infrastructure and improvements. As a precondition to accessing that funding, the Port must demonstrate that its lease revenues and property tax increment are insufficient to fund all public costs. Proposition D will also facilitate developing Pier 70 by reducing the entitlement risk associated with the number of discretionary approvals the Port's development projects must currently secure. Specifically, Proposition D allows the Board of Supervisors to waive the final approval of the Pier 70 lease if it approves the Pier 70 development plan and zoning at the outset of the project(s). However, each of these options will require significant staff time to develop and implement, and each will require support from City's policymakers.

At this time, the Port's revenue projections are based on the assumption that new private development at SWL 337 will result 1) in new lease revenues which will allow the Port to issue revenue bonds, as well as 2) an increased value to the property, which will allow the Port to issue IFD bonds. These assumptions would provide the Port with up to \$130 million in bond funds.

Summary of Changes – Financing Plan

The primary financing change from the prior year's capital plan is Shorenstein/Farallon's withdrawal from the Piers 27-31 development project.

The other significant difference to the Port's capital plan is a more complete list of projects Port staff recommend to be funded through Port revenue bond funds, the first issuance of which will hopefully take place in late summer or early fall of 2009. On June 30, 2009 the Port will repay its existing revenue bond debt which will allow the Port to issue new revenue bonds for the first time in 25 years. By repaying the Port's existing revenue bond, the Port will have \$4.5 million annually to leverage for new debt.

Assuming a 30-year bond at 5.35% interest rate, that \$4.5 million will leverage a \$60 million bond. As such, the Port's 10-year Capital Plan programs a \$60 million revenue bond in FY 2009-10. It is possible that the Port will be able to issue additional revenue bonds in a few more years when the economy rebounds and/or the Port's revenues sufficiently increase. In case that happens, the Port's 10-year Capital Plan includes \$39 million in Port revenue bonds in FY 2011-12 for a total of \$99 million in Port revenue bonds.

Subject to Port Commission, Mayor, and Board of Supervisors approval, Port staff propose to make improvements to the following Port facilities in order of priority with the \$99 million in Port revenue bond funds:

Port Revenue Bond Projects*

<u>Project</u>	<u>Revenue Bond – Base Port Revenues</u>
Piers 19 or 23 (1)	\$18,000,000
Backlands Improvements	8,000,000
Pier 27 Cruise Terminal	20,000,000
Piers 33 and 35	2,000,000
Pier 50	20,000,000
Wharf J9	5,000,000
Pier 19 (1)	9,000,000
Agriculture Building	5,000,000
Fisherman's Wharf Fuel	1,500,000
Dock Repairs	
Misc. Utilities	3,000,000
Pier 80 & Rail Improvements	7,500,000
Total	\$99,000,000

*Subject to actual debt capacity, Port Commission approval, Mayor approval, and Board of Supervisors approval.

(1) If Pier 23 is selected for repairs and renovations the total of which is \$18 million then the Port will repair the roof and aprons at Pier 19 estimated to cost \$9 million. If Pier 19 is selected to receive the \$18 million for repairs and renovations, then the combined \$27 million allocation (\$18 million plus \$9 million) will cover the majority of repairs required at Pier 19.

The actual revenue bond will depend on the amount of Port revenues available at the time of issuance to repay debt, interest rates, and on policies adopted by the Port Commission.

The projects in the table above were prioritized based on whether the project will (1) address a public safety issue, (2) generate and/or protect existing revenues for the Port, (3) leverage other revenues, and (4) begin in FY 2009-10.

The proposed revenue bond can also be considered part of the City's economic stimulus package. We estimate that delivering these projects will help (1) create almost 890 jobs through design and construction contracts, (2) prevent lay-offs of City employees through using the Department of Public Works for design and/or construction management services, (3) generate \$1 million in on-going General Fund revenues through new uses of under-utilized Port facilities, (4) continue the City's efforts to revitalize its waterfront, and (5) generate \$6 million in new, annualized lease revenues for the Port.

Conclusion

The Port's 10-year capital plan continues to evolve since its inception three years ago. The Port has used the information that the plan generates to develop and implement several legislative and financing strategies to help redevelop the City's waterfront, fulfill its public trust mission, and reconnect the City with its waterfront. To that end, we have secured two significant pieces of state legislation: one that allows the City to capture tax increment from the Port's development projects and the other that lifted the public trust designation from some of the Port's seawall lots south of the Bay Bridge. We have also been successful in securing San Francisco voters support of \$33.5 million in General Obligation bonds to build waterfront parks. In addition, San Francisco's voters recently approved Proposition D that provides two new tools to develop Pier 70: (1) an option for the Board of Supervisors to approve a Pier 70 plan in lieu of individual lease approvals; and (2) an optional new financing tool that allows the Port to capture 75% of the payroll and hotel tax increment generated by the Pier 70 development to help fund waterfront parks, marine terminals, environmental remediation, historic rehabilitation, and utility infrastructure.

In FY 2009-10 the Port will issue its first revenue bond in 25 years that will help repair Port facilities improving the safety of the Port as well as enhancing its revenues.

Prepared by: Tina Olson, Deputy Director
Finance and Administration
and
Daley Dunham, Principal Administrative Analyst

Port Facilities and Infrastructure

Facility / Program Needs	Projected 10-Year Additional Need						Total 10- Year Need
	Backlog	2010	2011	2012	2013	2014	
Facilities, by Region							
Fisherman's Wharf	82,149	996	256	652	2,076	10,102	11,579
Northeast Waterfront	343,249	7,199	498	363	0	11,503	29,102
Ferry Building Area	77,447	654	248	0	681	4,724	7,073
South Beach	298,627	2,534	0	653	3,394	230	4,859
China Basin	127,820	1,755	0	0	0	1,685	3,567
Southern Waterfront	589,863	6,236	25	2,188	0	950	48,728
Portwide Misc.(Equipment, ADA Plan)	13,354	0	0	0	0	0	0
Subtotal:	1,532,509	19,374	1,027	3,856	6,151	29,194	104,908
Portwide Annual Programs							
Dredging		3,000	3,000	3,000	3,000	3,000	15,000
Facility Condition Survey		339	339	339	339	339	1,696
Emergency Facility Repair		1,129	1,129	1,129	1,129	1,129	5,644
Special Area Plan		1,065	1,065	1,065	1,065	1,065	5,324
Pier/Wharf Substructure Reinvestment	21,600	22,680	22,680	22,680	22,680	23,814	118,844
Subtotal:		28,213	28,213	28,213	28,213	29,347	146,507
Total Additional Need:		47,587	29,240	32,069	34,364	58,541	251,415

Total Cumulative Need: 1,554,109 1,601,696 1,630,935 1,663,004 1,697,367 1,755,908 2,007,323

Funding Sources	2010	2011	2012	2013	2014	2015-19	Total
Port Tenant Responsibility						71,014	71,014
Port Funds	25,078	20,000	7,478	7,478	7,478	37,390	104,902
Port Revenue Bonds	60,000		39,000			65,000	164,000
Development Projects		75,796					75,796
Infrastructure Finance District						205,000	205,000
General Obligation Bonds	12,400	17,200					29,600
Total Additional Funding:	97,478	112,996	46,478	7,478	7,478	378,404	

Total Cumulative Funding: 97,478 210,474 256,952 264,430 271,908 650,312

Balance: (1,504,218) (1,420,461) (1,406,052) (1,432,937) (1,484,000) (1,357,011)

Port of San Francisco



10-Year Capital Plan

FY 2009-18 Update

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I. Executive Summary

All of the piers currently in use by the Port or Port tenants were originally constructed around 100 years ago. Of those, only nine have been rehabilitated since 1950, including AT&T Ballpark, the Ferry Building, Pier 1, Piers 1½, 3 & 5, Pier 27, Pier 39, Pier 45, Pier 48, and Pier 80. Most of the buildings atop the Port's piers are 40 to 100 years old, making many of them historically significant structures. In recognition of this significance, the National Park Service designated the northeast waterfront, from Pier 45 in the north to Pier 48, as the Embarcadero National Register Historic District. This district includes 20 historic piers as well as eight other structures of historic significance. The Pier 70 area also includes 35 buildings and many other features recognized to be of historical significance. The Port is in conversation with the National Park Service regarding the designation of a portion of the Pier 70 area as a National Register Historic District.

The southern approach to the Illinois Street Bridge was completed in the spring of 2008. The bridge provides added rail access to allow the Port to better market cargo facilities at Pier 80 to prospective clients. Additionally, construction of the Rincon Restaurants, located south of Rincon Park near Pier 22½, was completed in January 2008. Finally, the Port completed the Public Boat Ramp project at Pier 52 in June 2008.

The FY 2009-18 update of the Port's 10-year capital plan identifies a total need of approximately \$2 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities (see chart at right). This is approximately \$140 million greater than the approximately \$1.86 billion identified in the Port's FY 2008-09 update. This increase is primarily the result of the 6% annual cost escalation used by the City and County of San Francisco (CCSF), which has been incorporated into this plan.

The City Charter requires all Departments of CCSF to generate a 10-year Capital Plan and update it annually. The City's capital planning program collates the submission of all departments annually into the City's Capital Plan. As required by City law, the Port submitted a draft FY 2009-18 Capital Plan update to the City in December of 2008. This report is a more detailed version of that submission.

A summary of the changes over the last year is as follows:

Changes in Dollars

FY 08-17 Total	\$1,865,000,000
6% Cost Escalation	112,000,000
Revised / Updated Cost Estimates	<u>30,000,000</u>
	\$2,007,000,000

Of the \$2 billion in total need, the Port has identified a total of \$650 million in funding including: Port tenant obligations, the Port's annual operating budget, revenue bonds, development projects, Infrastructure Financing District bonds, and General Obligation bonds. The largest element of the Port's Plan is the rehabilitation and redevelopment of

the heavily blighted Pier 70 area, with an estimated need of approximately \$650 million for that area. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of an open space park area near the water's edge. While Port staff hope that much of this work can be completed through private development, much of it must be completed with other sources of funding in order to attract private development interest and funding.

The Port has developed policy options to address the unfunded portion of its plan including use of grant funds, tax increment financing and potential private development options. In November 2008, San Francisco's voters approved Proposition D which provides an option for the Board of Supervisors to capture 75% of the payroll and hotel tax increment generated by future Pier 70 development to help fund Pier 70's immense public infrastructure and improvements. As a precondition to accessing that funding, the Port must demonstrate that its lease revenues and property tax increment are insufficient to fund all public costs. Proposition D will also facilitate developing Pier 70 by reducing the entitlement risk associated with the number of discretionary approvals the Port's development projects must currently secure. Specifically, Proposition D allows the Board of Supervisors to waive the final approval of the Pier 70 lease if it approves the Pier 70 development plan and zoning at the outset of the project(s). However, each of these options will require significant staff time to develop and implement, and each will require support from City's policymakers.

At this time, the Port's revenue projections are based on the assumption that new private development at SWL 337 will result 1) in new lease revenues which will allow the Port to issue revenue bonds, as well as 2) an increased value to the property, which will allow the Port to issue IFD bonds. These assumptions would provide the Port with up to \$130 million in bond funds.

In conclusion, the Port's newfound ability to utilize the public resources of Infrastructure Finance Districts and other tax increment financing facilitated by Proposition D, a SWL 337 disencumbered by SB 815 from public-trust restrictions, and inclusion in a City General Obligation Bond constitutes a beginning to a more financially sound and sustainable Port of San Francisco.

II. Summary of Changes

A summary of the changes over the last year is as follows:

Changes in Dollars

FY 08-17 Total	\$1,865,000,000
6% Cost Escalation	112,000,000
Revised / Updated Cost Estimates	30,000,000
	\$2,007,000,000

Broken down by Port region, capital need increased across the Port as follows:

<u>Port Region</u>	<u>2008 Total</u>	<u>2009 Total</u>	<u>Difference</u>	<u>Increase</u>
China Basin	\$127,474	\$134,827	\$7,353	5.77%
Ferry Building	82,437	90,827	8,390	10.18%
Fishermans Wharf	104,718	107,810	3,092	2.95%
Northeast Waterfront	363,562	391,914	28,352	7.80%
Portwide	284,960	323,658	38,698	13.58%
Southbeach	292,709	310,296	17,587	6.01%
Southern Waterfront	<u>610,111</u>	<u>647,990</u>	<u>37,879</u>	6.21%
	\$1,865,971	\$2,007,322	\$141,351	7.58%

As of last year, the Port has been treating piers and wharves collectively as infrastructure. The treatment of these structures then, as a group, is similar to how a city would treat a system of utility mains. Instead of maintaining each piece of the system individually, an amount of funding is programmed each year to repair or replace elements that become damaged by external events, as well as elements that become the weakest part of the overall system. This is in part because infrastructure elements, unlike building subsystems (electrical systems, HVAC systems) are not mechanical in nature, and thus have a much longer lifespan. In addition, because of these long life spans, differential wear-and-tear of the Port's substructure elements is difficult to predict.

As the Port was not able to commit any capital funds to pier and wharf substructure renewal over the past year, the schedule this year reflects the 2008 investment amount, \$21.6 million, as part of the 2009 backlog. Until such time as the Port is in a position to commit funding to this line item, that backlog will continue to grow in successive years. This movement of foregone capital expenditure into backlog is reflected in the increase of 13.58% in the "Portwide" line item above.

III. Schedule of Expenses / Needs Assessment

Port Facilities and Infrastructure

Facility / Program Needs Facilities by Region	Projected 10-Year Additional Need						Total 10- Year Need
	Backlog	2010	2011	2012	2013	2014	2015-19
Fisherman's Wharf	82,149	996	256	652	2,076	10,102	11,579
Northeast Waterfront	343,242	7,199	496	363	0	11,503	29,102
Ferry Building Area	77,417	664	249	0	681	4,724	7,073
South Beach	296,627	2,534	0	653	3,394	230	4,559
China Basin	127,800	1,766	0	0	0	1,695	310,397
Southern Waterfront	589,863	6,236	26	2,126	0	950	124,827
Portwide Misc (Equipment ADA Plan)	13,354	0	0	0	0	0	48,726
Subtotal	1,592,509	19,374	1,027	3,856	6,151	23,134	13,954
Portwide Annual Programs							1,697,019
Predging		3,000	3,000	3,000	3,000	3,000	15,000
Facility Condition Survey		339	339	339	339	339	1,696
Emergency Facility Repair		1,129	1,129	1,129	1,129	1,129	5,644
Special Area Plan		1,066	1,066	1,066	1,066	1,066	5,334
Pier/Wharf Substructure Reinvestment	21,600	22,660	22,660	22,660	22,660	22,660	10,647
Subtotal		26,213	26,213	26,213	26,213	26,213	118,544
Total Additional Need:		47,587	29,240	32,069	34,364	58,541	146,607
Total Cumulative Need:	1,554,909	1,601,596	1,630,835	1,663,004	1,697,367	1,755,905	2,007,323

Funding Sources	Projected 10-Year Additional Need						Total
	2010	2011	2012	2013	2014	2015-19	
Port Tenant Responsibility							71,014
Port Funds	25,072	20,300	7,478	7,478	7,478	37,590	104,902
Port Revenue Bonds	60,000	39,000				65,000	164,000
Development Projects		75,796					75,796
Infrastructure Finance District							205,000
General Obligation Bonds	12,400	17,200					29,600
Total Additional Funding:	97,478	151,996	7,478	7,478	7,478	378,404	650,312
Total Cumulative Funding	97,478	249,474	256,952	264,430	271,908		(1,357,011)
Balance:	(1,504,218)	(1,381,461)	(1,406,052)	(1,432,937)	(1,484,000)		

Just over \$1 billion, or approximately 50% of the overall need identified in the Port's 10-year capital plan, addresses renewal and repair of existing facilities or deferred maintenance. Of the \$650 million that the Port proposes to fund in the 10-year capital plan, approximately \$333 million are allocated to renewal projects.

Much of this consists of funds to address the Port's facility-specific backlog, largely non-seismic substructure pier and building repairs. Also included are street resurfacing and sewer repair projects. Some of these repairs will be funded by Port tenants as required in their leases. Other repairs will be covered by the Port through its annual operating budget. Some of the balance will be covered by development projects and Port revenue bonds, discussed in detail in the subsequent Enhancement Program sections.

The Portwide Annual Programs that are funded in the Port's annual capital budgets include (1) dredging of the bay floor along the waterfront, which maintains the depth of the berths at the Port's piers so that they remain suitable for water traffic, (2) facility condition surveys, which allow the Port to evaluate the state of the Port's structures on a continuous basis and in an organized manner, and (3) emergency facility repair, a set-aside of funds for unforeseen situations, available for the most pressing capital needs in subsequent years if the programmed year remains emergency-free.

The Port funds various open space improvements or mandated mitigations (such as the Brannan Street Wharf at Pier 36) under the Special Area Plan Open Space program as funding opportunities become available. The Port proposes to fund part of these projects with land sale proceeds, Port operating revenues, and General Obligation bond funds.

Because of the sheer magnitude of the Port's remaining Annual Program, the Pier/Wharf Substructure Reinvestment program, for the moment, receives little, if any, funding. The Port should reinvest back into the Port's pier substructures 0.75% of the value of those substructures, each year¹. Unfortunately, because of the cost to do so, the Port has been unable to make the necessary investments to maintain the Port's substructures in good repair.

For a detailed breakdown of costs in the schedule above, see Appendix A to this report. A further breakdown of projects within each building is available upon request.

It is important to note that, as with prior reports and in keeping with capital planning convention, the backlog costs have been estimated in 2009 dollars, and are not escalated to the anticipated project date.

¹ The level of need is calculated based on the cyclical replacement of portions of pier substructures, based on construction type and exposure to tidal action. For example, Port engineers estimate that the Port should rehabilitate 15% of the Port's pre-1920's era concrete piers every 20 years.

IV. Proposed Funding

Port staff proposes --and the Port Commission will eventually make decisions regarding-- a total investment of \$650 million in the ten-year capital plan. These investments consist of \$164 million in Port Revenue Bonds, \$205 million in Infrastructure Finance District (IFD) Bonds, \$29.6 million in General Obligation Bonds, funds from the Port's operating budget, and private funds from Port tenant obligations and proposed development partners. These sources will fund improvements, including many seismic upgrades, to the following Port facilities: the Agriculture Building; Piers 15 & 17, where the Exploratorium is planning to relocate, pending major renovation; Piers 19 and 23; Piers 9, 33 & 35; Pier 27, which will house the Port's cruise terminal; rail and tunnel improvements; Pier 50, home to the Port's Maintenance Division; Pier 70; Pier 80, the Port's primary cargo facility; the seawall and Backlands area at Piers 90-96; and various open space improvements along the waterfront. The proposed \$650 million in funding over the next ten years is \$154 million less than the \$804 million proposed in the Port's FY 2008-09 10-year Capital Plan. The \$154 million difference is due to the developer withdrawing from the Piers 27-31 project thus leaving the repair and seismic upgrade work unfunded for Piers 29 and 31. As noted above and discussed in more detail below, the Port intends to repair and upgrade Pier 27 to reuse it as the Port's primary cruise terminal.

Port Revenue Bond Projects

The Port anticipates, issuing up to \$164 million in revenue bonds by FY 2018-19. Structures were selected by Port staff for Revenue Bond funding based on whether or not the facility (1) is currently profitable, (2) has the potential to be more profitable, because it is under-utilized, (3) has potential to be more profitable, because it has a lease set to expire in the next 10-years, allowing the Port to improve the property and increase rents once the property is ready to be re-leased, or (4) is critical to supporting the Port's operations. The \$99 million in projects to be funded under Base Port Revenues reflects an optimal level of revenue bond financing. The actual revenue bond will depend on the amount of Port revenues available at the time of issuance to repay the debt, interest rates, and on policies adopted by the Port Commission.

Based on these criteria, subject to approval of policy makers, Port staff propose to make improvements to the following Port facilities with Port revenue bond funds:

Port Revenue Bond Projects*

<u>Project</u>	<u>Bond – Base Port Revenues</u>	<u>Bond – Additional SWL337 Lease Revenues</u>	<u>Total Revenue Bond Funding</u>
Agriculture Building	\$5,000,000	-	\$5,000,000
Pier 9	-	\$21,420,000	21,420,000
Piers 19-23	27,000,000	18,580,000	45,580,000
Pier 27 Cruise Terminal	20,000,000		20,000,000
Piers 33 and 35	2,000,000	25,000,000	27,000,000

Pier 50	20,000,000	-	20,000,000
Pier 80 & Rail Improvements	7,500,000	-	7,500,000
Pier 90-96 Seawall & Backlands Improvements	8,000,000	-	8,000,000
Wharf J9	5,000,000	-	5,000,000
Fisherman's Wharf Fuel Dock Repairs	1,500,000		1,500,000
Misc. Utilities	3,000,000	-	3,000,000
Total	\$99,000,000	\$65,000,000	\$164,000,000

*Subject to actual debt capacity, as well as Port Commission, Mayor and Board of Supervisors approval.

Project Descriptions:

- Agriculture Building:*** Located in the Ferry Building Area of the Port, the brick building south of the Ferry Building is currently leased through short-term leases for office space and Amtrak's San Francisco ticketing office. The Port is developing a plan to determine possible new uses for the Agriculture Building, as well as costs to renovate the facility to accommodate the new uses. The Port proposes to allocate \$5 million in revenue bonds to help cover repairs and seismic upgrades.
- Northeast Waterfront Piers - Piers 9, 33 and 35:*** In 2007, the State legislature adopted legislation (SB 815) that allows for more varied development on some of the Port's seawall lots, and allows the Port to enter into lease terms of up to 75 years (the prior maximum had been 66 years). The legislation also restricts the use of new revenue growth generated by seawall lot leases to 1) repair and seismic upgrades of historic facilities and 2) construction of open spaces required by the Special Area Plan. Seawall Lot 337 is the first development affected by the new legislation. The additional annual income associated with SWL 337 development will help the Port to leverage up to, roughly, \$65 million in revenue bonds. Piers 9, 33 and 35 will be the recipient of some of these Revenue Bond funds (Piers 19-23 to receive the balance), which will go toward seismic upgrades and long-deferred repairs.
- Pier 27 Cruise Terminal Project*** - On September 27, 2007, the Port Commission accepted the Cruise Terminal Advisory Panel's recommendation to re-locate the Port's primary cruise terminal from Pier 35 to Pier 27 because it is the most cost-effective location. The Port currently has \$19.3 million available to make the necessary improvements at Pier 27 to accommodate a cruise terminal which is substantially less than the estimated \$60 million project cost estimate. The Port proposes to allocate \$20 million in Port revenue bond proceeds to help cover the shortfall for a total of \$39.3 million available for the cruise terminal project. The Port is also undergoing an engineering evaluation to evaluate project cost alternatives and phasing opportunities based on detailed design and engineering plans. Finally, the Port is studying the possibility of using the cruise terminal as

event space during non-cruise days to generate revenues that could be used to help cover funding shortfalls.

- **Piers 19 and 23:** These piers are located near one another in the northern waterfront. They require repairs and seismic upgrades and are currently without any long-term leases. The Port will allocate revenue bonds to the piers to attract tenants willing to make tenant improvements in return for 10-year leasing for non-public trust uses and longer leases for public trust uses. The Port proposes to allocate a total of approximately \$45.6 million in revenue bond funds toward improving these facilities with the end-goal of generating increased lease revenues.
- **Pier 50:** Located in China Basin, on Terry Francois Blvd south of AT&T Ballpark, Pier 50 houses the Port's maintenance facility. The estimated need over the next 10 years totals \$50 million; the Port proposes to allocate \$20 million in revenue bond funds to seismically upgrade and repair the areas of the pier's substructure in the worse condition.
- **Pier 80 and Rail Improvements:** located in the southern waterfront near Cesar Chavez Street, Pier 80 is the Port's cargo facility, which is presently focused on bulk and break-bulk cargo operations. It is currently under-utilized. The cost of needed repairs could be covered by increased revenues if the Port is better able to market this facility. As noted earlier, the Port recently constructed the Illinois Street Bridge, which will improve freight rail access to Pier 80, improving the marketability of the facility to prospective clients. The complete cost of repairs and seismic work to Pier 80 as well as the industrial buildings at Pier 80 is estimated at \$105 million; the Port proposes to allocate \$7.5 million in revenue bond funds to cover some repairs to the pier and rail improvements required to improve cargo operations.
- **Wharf J9 Repairs:** The Port needs to replace the Wharf J-9 seawall that is required to continue use of the adjoining leased facilities for which the Port proposes to allocate \$5 million in revenue bonds.

General Obligation Bond Projects

In February 2008 San Francisco voters approved a \$185 million General Obligation bond for park and open space improvements, of which \$33.5 million has been allocated to fund or partially fund Port open space improvements across the Port's waterfront. Port projects include: a promenade at Pier 43½ in Fisherman's Wharf; the Brannan Street Wharf Park in Southbeach; Bayfront Park in the Port's China Basin region; and, in the Port's Southern Waterfront, Crane Cove Park, Warm Water Cove Park, Islais Creek, and an entrance to Heron's Head Park. In FY 2008-09, using \$3.1 million of the first bond issuance the Port initiated planning and design efforts for these projects. The 10-year

Capital Plan includes the balance of \$29.6 million to complete design efforts and to fully construct these projects.

Total G.O. Bond Park Funding Allocated to Port Projects

Port Area	Proposed Park	Project	G.O. Bond Funding
Fisherman's Wharf	Pier 43½ Park	Pier 43½	\$9,000,000
Southbeach	Brannon Street Wharf Park	Brannon St. Wharf	3,000,000
China Basin	Bayfront Park	Blue Greenway Project	21,000,000
Southern Waterfront	Crane Cove Park		
	Warm Water Cove Park		
	Islais Creek		
	Heron's Head Park Entrance		
		Total:	\$33,500,000

Development Projects

The Port's development projects are public-private partnership projects in which a developer enters into a lease of up to 66 years with the Port for property, secures financing and is responsible for project delivery. The Port expects the Pier 15-17 development project to begin construction in the next five years. As previously noted, cost estimates included in this Plan include only repair and replacement costs and seismic upgrades the Port would need to conduct in order to continue operating these facilities for current uses. The description below includes enhancements The Exploratorium is making to facilities to change their use; these changes go beyond the repairs, replacements, and seismic upgrades identified in the Port's 10-year capital plan, and so their costs are not included below:

- **Piers 15–17:** The Port entered into an Exclusive Negotiating Agreement (ENA) with the Exploratorium to renovate Piers 15-17 and relocate the Exploratorium museum there from its current location at the Palace of Fine Arts. During the past several years, the museum has been looking for a new home to accommodate its expanding needs. The Exploratorium proposes to lease Pier 15 under a long-term lease and develop it for museum and ancillary uses, with the idea of expanding into Pier 17 in later years. Piers 15 and 17 are located in the Northeast Waterfront on The Embarcadero at Green Street. The Port's 10-year capital plan estimates the cost of the rehabilitation and seismic upgrade of Piers 15 and 17 to be approximately \$65 million.

Port Infrastructure Financing District (IFD)

The State recently adopted legislation that allows the City to create an Infrastructure Financing District (IFD) within the Port's jurisdiction. This alternative method of collecting property tax increment is a useful financing tool for the Port. The Port

anticipates having a total of \$205 million in IFD Bond funds available for a variety of projects, including Pier 70 improvements and other southern waterfront improvements. While some IFD Bond funding will be used by the Port for independent rehabilitation of facilities, other IFD Bond funds will be used as the Port's investment in larger public-private developments. Port staff have identified the Agriculture Building, and Piers 33 and 35 as candidates for IFD Bond funding.

Infrastructure Finance District Bond Projects*

<u>Project</u>	<u>Tax Increment</u> <u>IFD Bond</u>	<u>Additional</u> <u>SWL337 Tax</u> <u>Increment IFD</u> <u>Bond</u>	<u>Total IFD</u> <u>Bond Funding</u>
Pier 70 – Infrastructure	40,000,000	-	40,000,000
Pier 70 – Environmental	30,000,000	-	30,000,000
Pier 70 – Open Space	20,000,000	-	20,000,000
Pier 70 – Piers and Wharves	50,000,000	-	50,000,000
Pier 70 – UIW Building	-	\$45,000,000	45,000,000
Islais Creek	-	4,000,000	4,000,000
Blue Greenway	-	16,000,000	16,000,000
Total	\$140,000,000	\$65,000,000	\$205,000,000

*Subject to actual debt capacity, as well as Port Commission, Mayor and Board of Supervisors approval.

Pier 70 Improvements (Southern Waterfront): The Capital Plan identifies a total of approximately \$525 million related to the Pier 70 complex including: environmental remediation, constructing and reconstructing streets, sidewalks, street lighting, and sewer and water system, open space development, historic building preservation and reuse of a portion of the site, principally along the main 20th Street stretching to the waterfront. Long a ship-building and ship-repair site, Pier 70 now houses the most important collection of historic industrial buildings west of The Mississippi. Unfortunately, owing to age, type of construction, deterioration, lack of code compliance and absence of site utilities and other infrastructure, most of the 35 buildings on the site are not used; only a few are leased.

The Port is creating a master plan that includes: 1) a survey of the historic resources and development of preservation options, and 2) an economic and planning feasibility analysis with development options for Pier 70. We expect to complete this master plan by Spring 2009 and to issue a development RFP for Pier 70 in the Summer 2009.

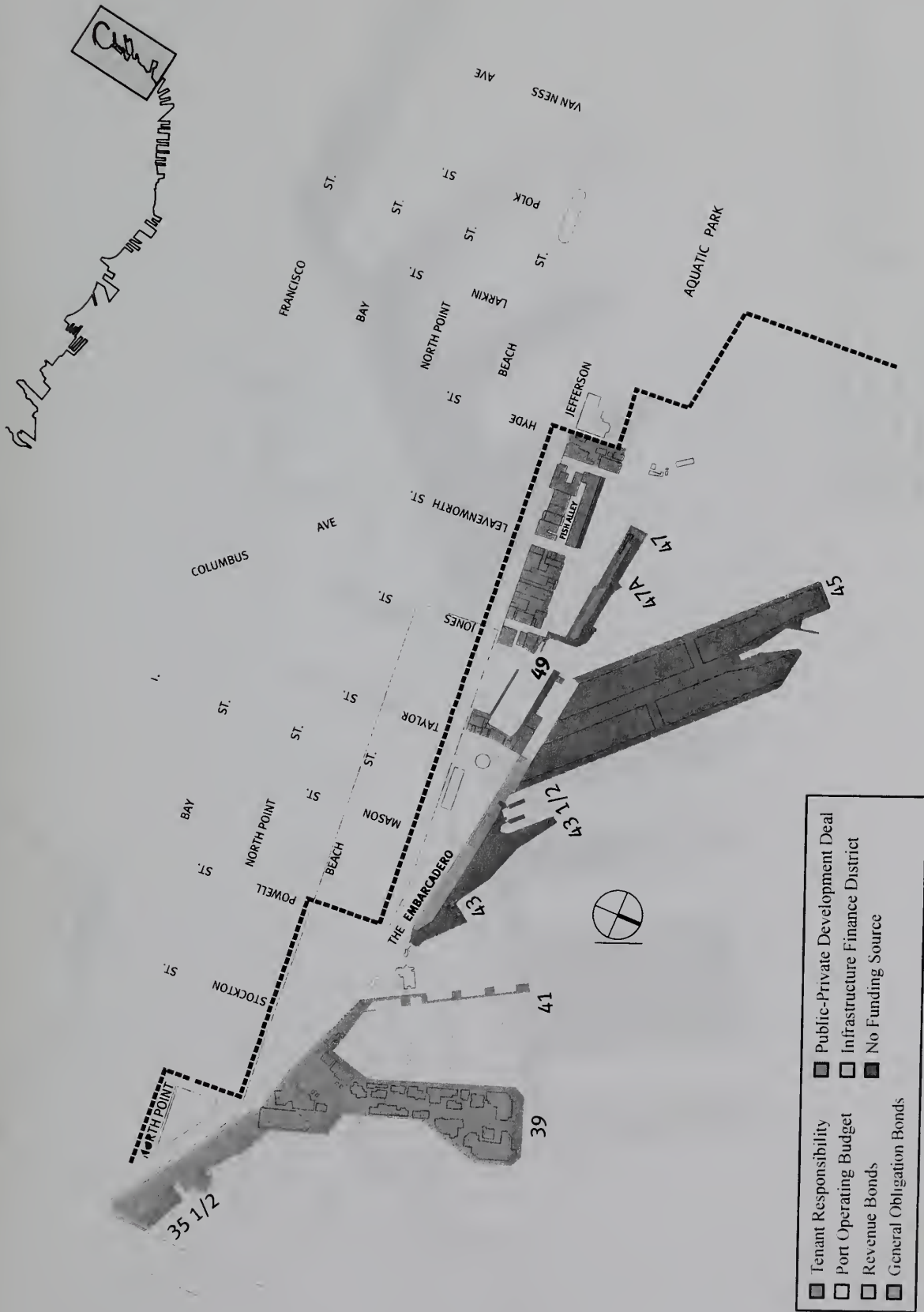
The project envisions bringing most, but not all, of the historic buildings and artifacts (fences, cranes) up to current code, repairing or replacing all building utilities and building systems, but not adding new square footage. Work would be done to meet the standards of the U.S. Secretary of the Department of Interior in keeping with the buildings' eligibility for the National Register of Historic Places.

The Port's 10-year capital plan programs \$140 million in IFD Bond funds to cover Pier 70 campus infrastructure costs, which consist of \$40 million to construct streets, sewers,

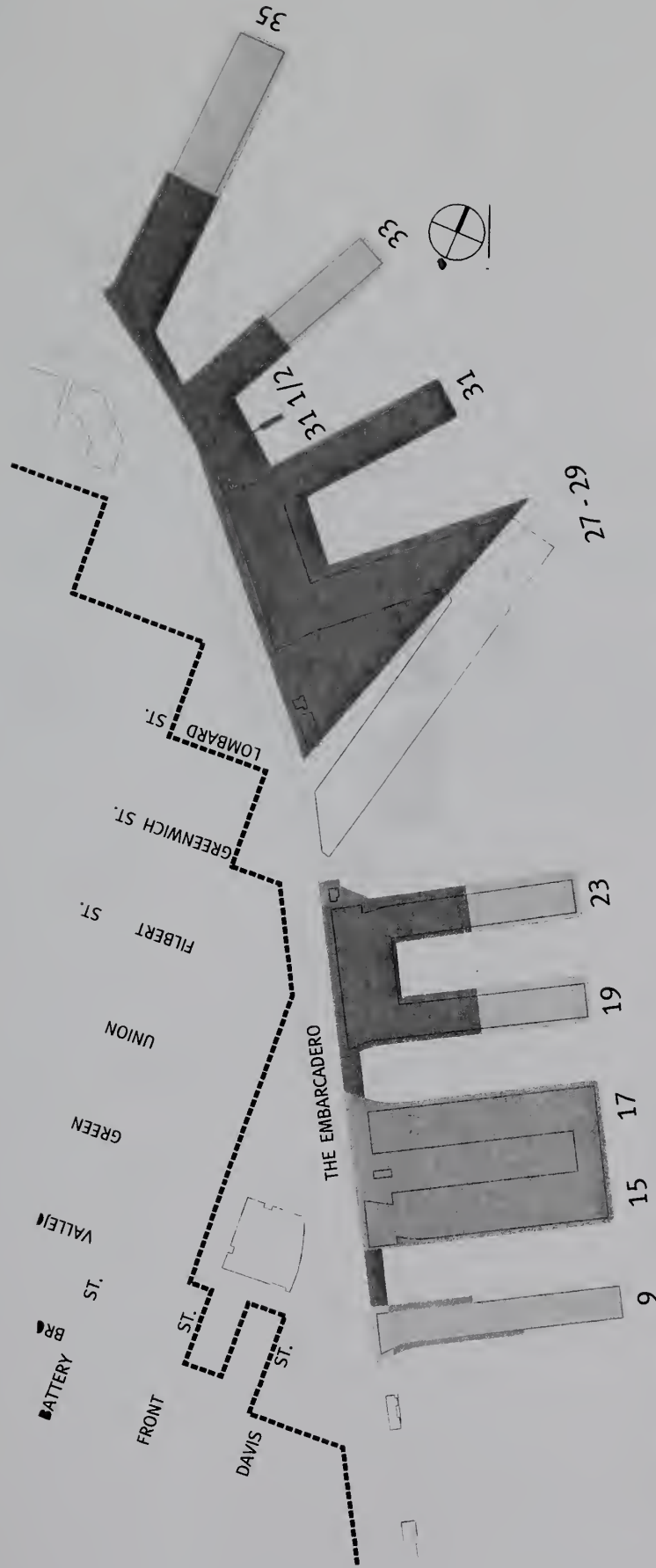
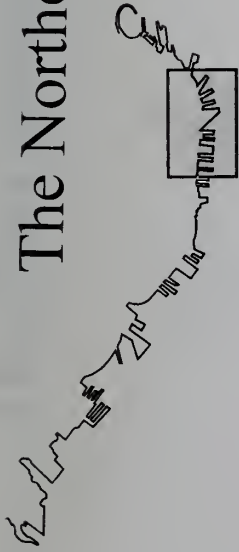
water mains, sidewalks, and street lighting, approximately \$30 million to conduct environmental clean-up, \$20 million to make needed open space improvements, and \$50 million to repair and upgrade wharves and piers. The Port should be better able to redevelop Pier 70 to viable reuses if it can invest public funds in the project.

The Port is anticipating programming an additional \$45 million in IFD bond funding from the tax increment generated by Seawall Lot (SWL) 337 to restore Pier 70's flagship structure, the Union Iron Works Building, for a future public use. As previously noted, the Port recently received a proposal to develop SWL 337 as a mixed use development that will allow the Port to issue IFD bonds at some point in the future.

Fisherman's Wharf



The Northeast Waterfront

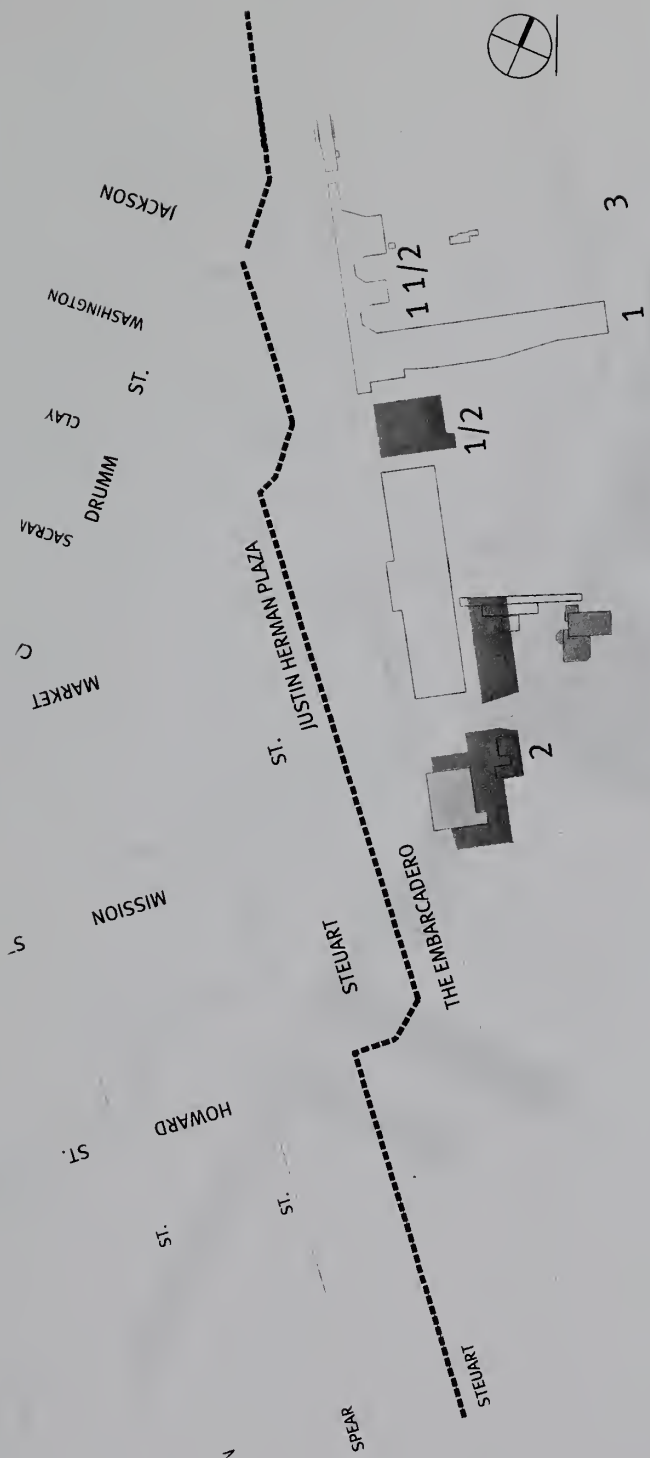
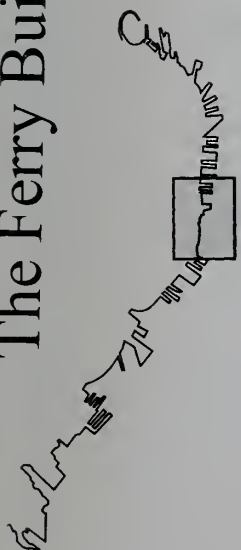


7

SAN FRANCISCO BAY

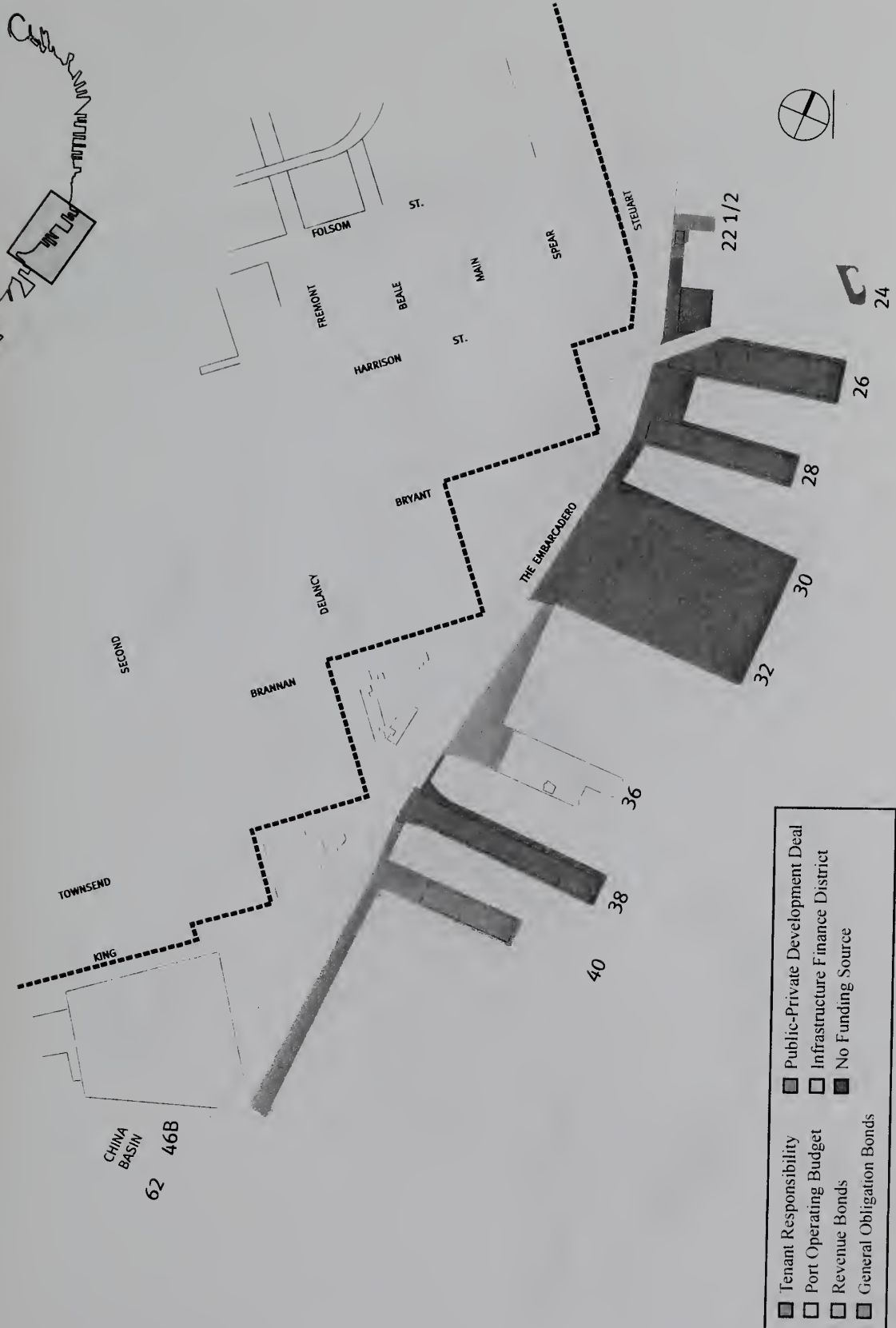
	Tenant Responsibility		Public-Private Development Deal
	Port Operating Budget		Infrastructure Finance District
	Revenue Bonds		No Funding Source
	General Obligation Bonds		

The Ferry Building Area

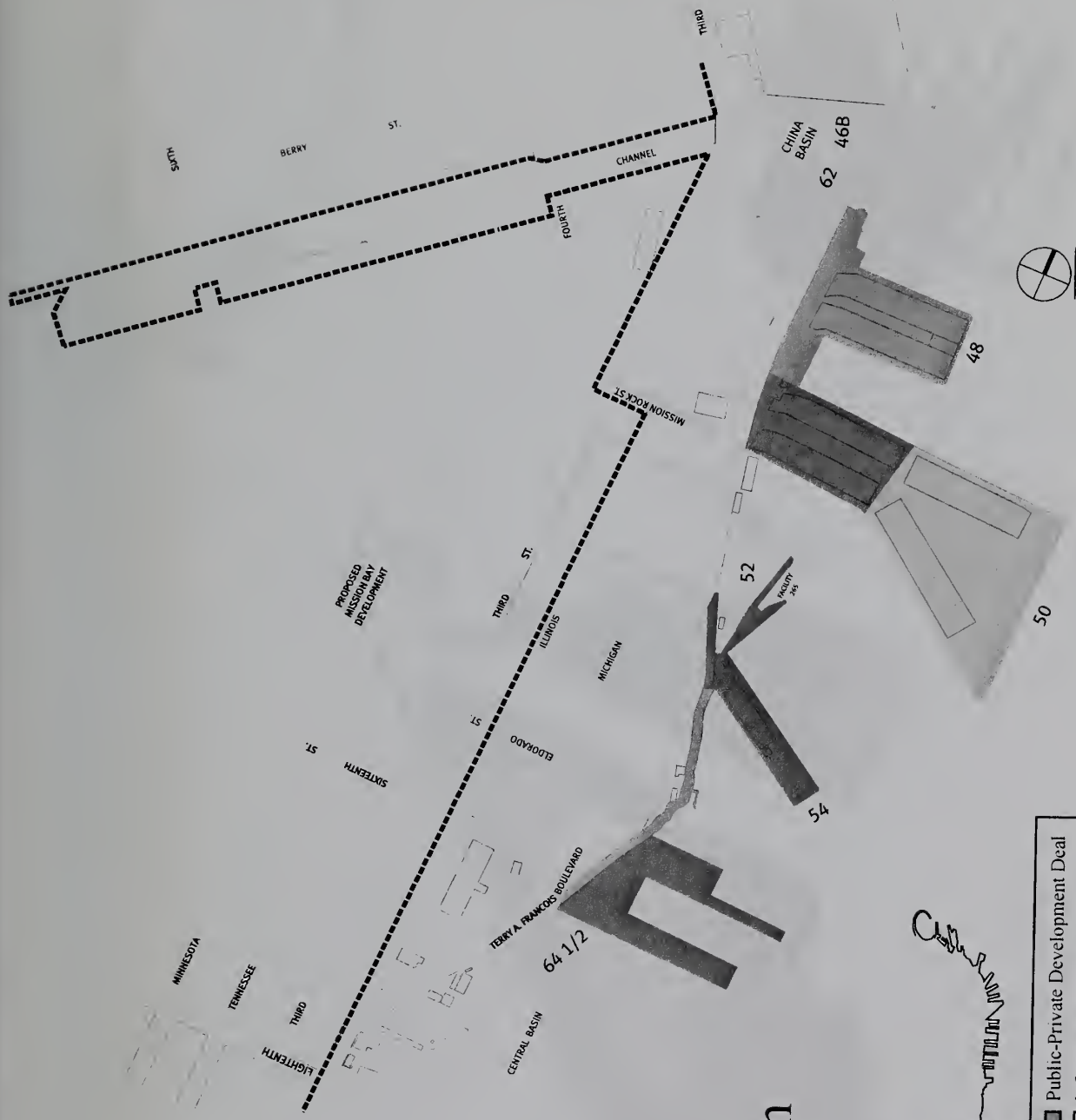


<input checked="" type="checkbox"/> Tenant Responsibility	<input checked="" type="checkbox"/> Public-Private Development Deal
<input type="checkbox"/> Port Operating Budget	<input type="checkbox"/> Infrastructure Finance District
<input type="checkbox"/> Revenue Bonds	<input checked="" type="checkbox"/> No Funding Source
<input checked="" type="checkbox"/> General Obligation Bonds	

South Beach

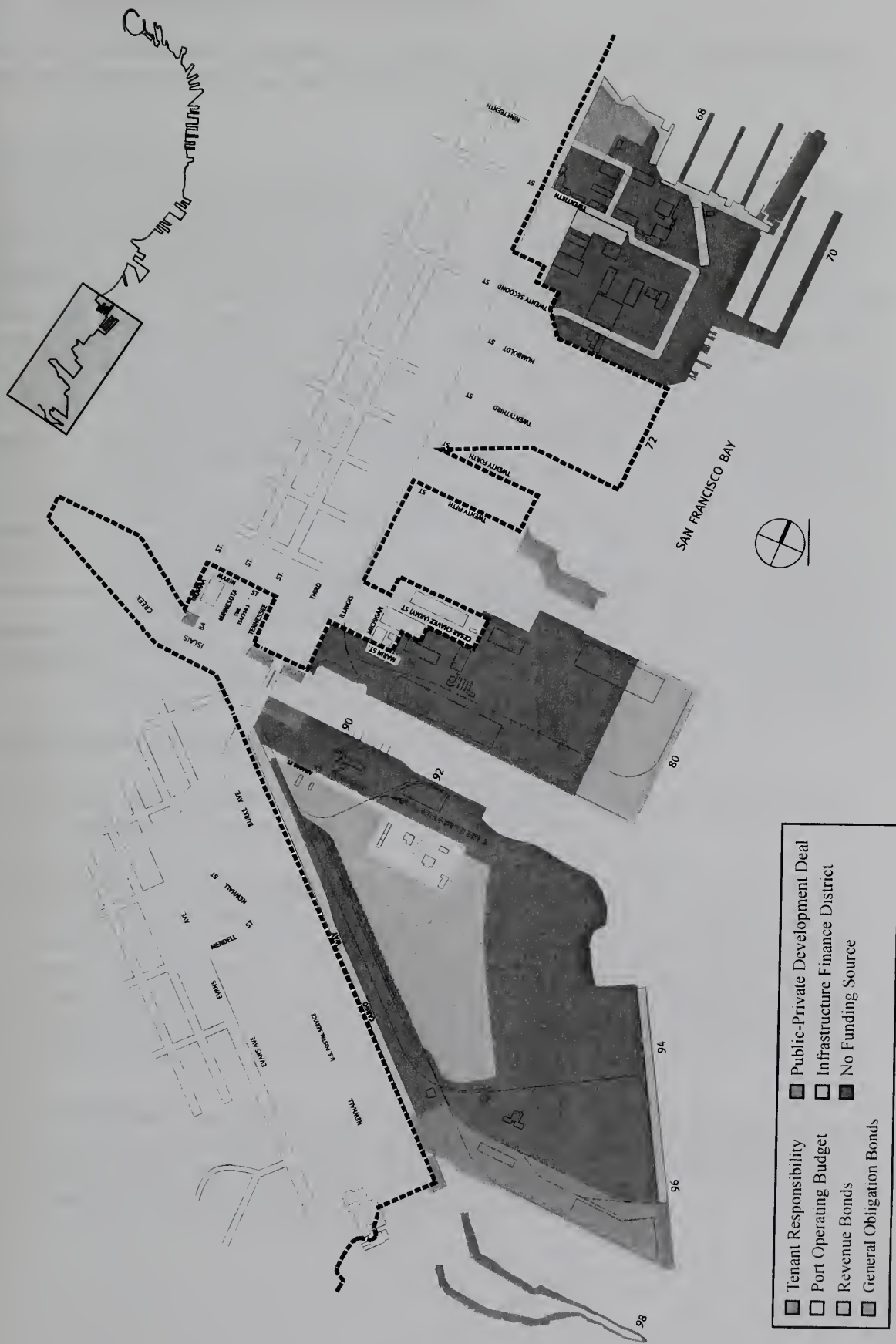


China Basin



<input checked="" type="checkbox"/> Tenant Responsibility	<input checked="" type="checkbox"/> Public-Private Development Deal
<input checked="" type="checkbox"/> Port Operating Budget	<input checked="" type="checkbox"/> Infrastructure Finance District
<input checked="" type="checkbox"/> Revenue Bonds	<input checked="" type="checkbox"/> No Funding Source
<input checked="" type="checkbox"/> General Obligation Bonds	

The Southern Waterfront



V. Unfunded (Deferred) and Emerging Needs

The Port's proposed ten-year capital plan defers a total of \$1.2 billion in needs. The most significant deferred projects include the following Port facilities:

Unfunded Projects

Region	Port Facility	Unfunded Portion to Repair & Seismically Upgrade
Northeast Waterfront	Pier 31, office and warehouse space, pier substructure	\$22,500,000
South Beach	Pier 26, office and warehouse space, pier substructure	46,300,000
	Pier 28, office and warehouse space, pier substructure	31,000,000
	Pier 38, maritime recreation facility near South Beach Harbor	46,900,000
China Basin	Pier 50, Shed D, the Port's Maintenance Facility, pier substructure	17,200,000
	Pier 54, office and warehouse space, pier substructure	38,400,000
Southern Waterfront	Pier 70 Campus, contains a vast array of historic structures	297,000,000
	Pier 80 Cargo Facility	69,700,000

Funding Options for Deferred Projects

- (a) **Grant Funds** – The Port may be able to secure grant funding for its open space and transportation projects.
- (b) **Public/Private Partnerships** – The Port believes Pier 33, Pier 35, Pier 26, and Pier 70 are good candidates for future development projects. However, it has not issued RFPs nor has it secured approvals from various state agencies such as the State Lands Commission and San Francisco Bay Conservation and Development Commission (BCDC) for project scopes. Thus, while the Port has identified these facilities as potential development projects, it is premature to conclude that they will be repaired and upgraded by a developer.
- (c) **No Identified Funding Options** – If the Port is unable to identify a funding source or a developer to repair and seismically upgrade these facilities, it will eventually need to close the facilities and demolish them (if it can secure funds for demolition) or allow them to deteriorate and fall into the bay.

VI. Conclusions

The Port's first 10-Year Capital Plan, issued in the spring of 2006, demonstrated the magnitude of the Port's financial challenges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – is insufficient to the task. Without new public sources of funding, private sector investment alone in the Port will not succeed in revitalizing the Port and its historic structures.

However, since 2006, Port staff and the Port Commission, with support of Mayor Gavin Newsom and the Board of Supervisors, have been laying the groundwork for an enhanced approach to financing waterfront improvements.

In 2005, the Port won passage of SB 1085, permitting the establishment of Infrastructure Financing Districts on Port property, allowing the capture of future property tax increment. And in 2007, the Port won passage of SB 815, lifting “public trust” use restrictions on four of the Port's seawall lots (337, 328, 330, and 347S), the largest of which – Lot A, SWL 337, in Mission Bay – is approximately 14 acres.

Development of a portion of SWL 337 free of public trust use restrictions promises to yield the most significant increase in rental income and capital investment the Port has seen in many years. SB 815 requires that net proceeds from leasing at this site be spent on preservation of historic resources on Port property or waterfront open space pursuant to the San Francisco Bay Conservation and Development Commission (BCDC) Special Area Plan for the San Francisco Waterfront.

The combination of these tools (SB 1085 and SB 815) will allow the Port to leverage development of SWL 337 into improvements throughout the waterfront. Consensus regarding the final development plan for SWL 337 and an expenditure plan for a Southern Waterfront Infrastructure Financing District (including SWL 337) will yield these improvements by 2021-22.

In an historic, first time ever contribution of public tax dollars to the Port, Proposition A on the February 2008 San Francisco Ballot was approved by a margin of 71.66% (Yes) to 28.34% (No). As a result, \$33.5 million in waterfront open space projects –projects that serve the public good– will be moving forward.

Finally, in November 2008, the City's voters approved Proposition D that provides two new tools to develop Pier 70: (1) an option for the Board of Supervisors to approve a Pier 70 plan in lieu of individual lease approvals; and (2) an optional new financing tool that allows the Port to capture 75% of the payroll and hotel tax increment generated by the Pier 70 development to help fund waterfront parks, marine terminals, environmental remediation, historic rehabilitation, and utility infrastructure.

In 2006, the Port's Capital Plan seemed like (at best) a decades-long partial solution to a waterfront problem that developed over decades or (at worst) an exercise in futility. It now appears that the Port is poised to pursue dramatic new open space improvements and new strategies to preserve historic piers and buildings over the next ten years.

There are still issues to be addressed in the Pier 70 area and other areas within the City's waterfront. However, the Port's newfound ability to utilize these new public resources constitutes a beginning to a more financially sound and sustainable Port of San Francisco.

However, further changes to law and the Port's financing strategy are required: the City and the Port need to fully develop plans for financing a new Cruise Terminal. The State of California can further contribute to its interests through allocating some or all of its share of possessory tax increment associated with developing Port property, as defined by the public trust and the BCDC Special Area Plan, along the San Francisco waterfront. The federal government, likewise, has an interest in removing threats to navigation posed by rotting Port facilities near navigation channels.

The Port needs the continued support of the City's elected family to enact some of the financing strategies described in the Port's 10-year Capital Plan. While these changes may be difficult to achieve, Port staff are energized to pursue these and other solutions that will eliminate waterfront blight and create a 21st century waterfront.

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
5470H	Blue Shed Bldg (Wharf J-11)	Simple	\$71	\$0	\$1,350	\$1,421
1840	Copra Crane	Basic	\$748	\$0	\$0	\$748
1001	Downtown Ferry Terminal	Basic	\$621	\$0	\$33,076	\$33,697
0000	Equipment	Basic	\$0	\$0	\$8,721	\$8,721
2740	Fac. 200 - World Trade Club Restaurant	Basic	\$277	\$1,627	\$722	\$2,626
2000	Fac. 2000 - Ferry Plaza	Piers	\$518	\$319	\$3,692	\$4,529
2750	Fac. 274-175 - Ferry Building Clock Tower	Basic	\$0	\$308	\$294	\$602
2750	Fac. 274-275 Ferry Building	Basic	\$0	\$7,515	\$7,173	\$14,688
2780	Fac. 278 Agriculture Bldg Substructure	Piers	\$4,635	\$0	\$2,541	\$7,176
2780	Fac. 278 Agriculture Building	Basic	\$2,515	\$654	\$533	\$3,702
2750	Ferry Building: Fac. 274 - 275	Piers	\$0	\$0	\$0	\$0
6020	Freight Yard - Intermodal Container Transfer Facility	Street	\$3,273	\$0	\$26,275	\$29,548
4000	Harbor Office at Hyde Street	Small	\$0	\$0	\$492	\$492
1980	Herons Head Park	Basic	\$164	\$0	\$185	\$349
2500	Hyde Street Pier	Piers	\$0	\$0	\$0	\$0
2500	Hyde Street Pier - Storage Buildings (3)	Small Port	\$0	\$0	\$0	\$0
000	Leased Piers	Wide	\$0	\$38,160	\$0	\$38,160
1010	Pier 1	Piers	\$0	\$72	\$0	\$72
1010	Pier 1 - Office Building	Basic	\$0	\$2,304	\$0	\$2,304
1015	Pier 1 1/2	Piers	\$0	\$0	\$0	\$0
1015	Pier 1 1/2 - Bulkhead/Shed Building	Basic	\$0	\$0	\$0	\$0
1005	Pier 1/2	Piers	\$715	\$0	\$1,980	\$2,695
1140	Pier 14 (Public Pier)	Piers	\$0	\$0	\$0	\$0
1150	Pier 15	Piers	\$14,508	\$116	\$13,573	\$28,197
1150	Pier 15 - Bulkhead/Shed Building (contains trailer	Simple	\$2,309	\$911	\$3,351	\$6,572
1155	Pier 15/17 - Office on Marginal Wharf	Small	\$0	\$0	\$0	\$0
1155	Pier 15/17 Valley - demolition	Piers	\$7,791	\$0	\$0	\$7,791
1170	Pier 17	Piers	\$7,027	\$86	\$9,293	\$16,406
1170	Pier 17 - Shed Building	Simple	\$2,533	\$704	\$2,812	\$6,049
1175	Pier 17 1/2	Piers	\$1,269	\$0	\$417	\$1,686
1190	Pier 19	Piers	\$7,762	\$0	\$8,349	\$16,111
1190	Pier 19 - Bulkhead/Shed Building	Simple	\$1,491	\$377	\$2,356	\$4,223
1195	Pier 19 1/2	Piers	\$4,549	\$0	\$2,493	\$7,042
1195	Pier 19 1/2 - Bulkhead/Shed	Simple	\$454	\$316	\$1,054	\$1,824
1020	Pier 2	Piers	\$3,787	\$0	\$1,807	\$5,594
2770	Pier 2 - Sinbads	Basic	\$112	\$581	\$153	\$845
1225	Pier 22 1/2	Piers	\$2,030	\$7	\$879	\$2,917
1225	Pier 22 1/2 - Fire Station	Basic	\$442	\$157	\$120	\$719
1225	Pier 22 1/2 - Maintenance / Recreation	Small	\$0	\$0	\$0	\$0
230	Pier 23	Piers	\$5,404	\$0	\$8,889	\$14,293
230	Pier 23 - Bulkhead/Shed Building	Simple	\$1,187	\$605	\$2,417	\$4,209
235	Pier 23 1/2	Piers	\$2,509	\$0	\$412	\$2,921
235	Pier 23 1/2 Pier 23 Cafe	Small	\$0	\$0	\$0	\$0
245	Pier 24 1/2	Piers	\$3,862	\$0	\$3,027	\$6,889
245	Pier 24 1/2 -Bulkhead/Shed Building	Simple	\$541	\$0	\$673	\$1,214
260	Pier 26	Piers	\$13,204	\$0	\$30,143	\$43,347

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1260	Pier 26 - Bulkhead/Shed	Simple	\$1,113	\$1,525	\$3,096	\$5,734
1265	Pier 26 1/2	Piers	\$2,910	\$0	\$2,346	\$5,256
1265	Pier 26.5 - Bulkhead	Basic	\$1,064	\$1,158	\$656	\$2,878
1270	Pier 27	Piers	\$443	\$382	\$38,950	\$39,776
1270	Pier 27 - Office Annex	Small	\$536	\$0	\$0	\$536
2275	Pier 27 - Office/Admin Building	Basic	\$652	\$208	\$294	\$1,153
1270	Pier 27 Shed Building	Simple	\$2,262	\$2,626	\$2,449	\$7,337
1280	Pier 28	Piers	\$8,481	\$0	\$20,363	\$28,844
1280	Pier 28 - Bulkhead/Shed Building	Simple	\$1,825	\$307	\$1,853	\$3,985
1285	Pier 28 1/2	Piers	\$578	\$0	\$317	\$895
1285	Pier 28 1/2 - Hildive Restaurant	Small	\$0	\$197	\$0	\$197
1290	Pier 29	Piers	\$15,512	\$0	\$16,173	\$31,685
1290	Pier 29 - *Bulkhead/Shed Building	Simple	\$3,782	\$374	\$3,732	\$7,887
1295	Pier 29 1/2	Piers	\$0	\$0	\$0	\$0
1295	Pier 29 1/2 - Bulkhead Building	Simple	\$1,140	\$127	\$1,265	\$2,532
1030	Pier 3	Piers	\$6,931	\$0	\$5,362	\$12,293
1030	Pier 3 - Bulkhead/Shed Building	Basic	\$0	\$0	\$0	\$0
1320	Pier 30 and 32	Piers	\$22,060	\$309	\$55,839	\$78,208
1310	Pier 31	Piers	\$10,001	\$0	\$14,236	\$24,237
1310	Pier 31 - Bulkhead/Shed Building	Simple	\$2,514	\$999	\$2,290	\$5,803
1315	Pier 31 1/2	Piers	\$3,135	\$0	\$2,578	\$5,713
1325	Pier 32 1/2 Marginal Wharf (Brannon St)	Piers	\$0	\$0	\$24,385	\$24,385
1330	Pier 33	Piers	\$5,562	\$0	\$9,271	\$14,833
1330	Pier 33 - Bulkhead/Shed Building	Simple	\$2,425	\$1,363	\$2,142	\$5,930
1335	Pier 33 1/2	Piers	\$0	\$0	\$405	\$405
1335	Pier 33 1/2 - Bulkhead Building	Basic	\$1,033	\$544	\$395	\$1,973
1345	Pier 34 1/2 Marginal Wharf	Piers	\$0	\$0	\$0	\$0
1350	Pier 35 - Bulkhead/Shed Building	Basic	\$3,397	\$13,420	\$4,393	\$21,210
1355	Pier 35 1/2	Piers	\$0	\$0	\$4,418	\$4,418
1350	Pier 35 Cruise Terminal	Piers	\$12,927	\$119	\$15,297	\$28,343
1360	Pier 36 (to be demolished)	Piers	\$119	\$0	\$0	\$119
1360	Pier 36 - Bulkhead Building/Shed	Simple	\$838	\$87	\$866	\$1,791
1380	Pier 38	Piers	\$30,754	\$0	\$13,847	\$44,601
1380	Pier 38 - Bulkhead/Shed Building	Simple	\$268	\$2,009	\$2,673	\$4,949
1385	Pier 38 1/2	Piers	\$537	\$0	\$441	\$978
1390	Pier 39	Piers	\$0	\$0	\$0	\$0
1390	Pier 39 - Retail Shops	Basic	\$3,546	\$10,462	\$6,296	\$20,304
1390	Pier 39 - Underwater World	Basic	\$0	\$430	\$0	\$430
1395	Pier 39 1/2 Marginal Wharf	Piers	\$0	\$0	\$0	\$0
1400	Pier 40	Piers	\$18,053	\$0	\$8,903	\$26,956
1400	Pier 40 - Shed Building	Simple	\$229	\$152	\$1,106	\$1,488
1405	Pier 40 1/2 (S Beach Harbor Wharf)	Piers	\$2,370	\$0	\$390	\$2,760
405	Pier 40 1/2 - Java House	Small	\$0	\$0	\$0	\$0
400	Pier 40 Restaurant & Robert Steck Chandelery	Basic	\$0	\$226	\$193	\$419
410	Pier 41	Piers	\$0	\$0	\$2,761	\$2,761
415	Pier 41 1/2	Piers	\$0	\$0	\$0	\$0
415	Pier 41 1/2 - Blue&Gold Bldg.	Basic	\$0	\$437	\$356	\$793

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1430	Pier 43	Piers	\$96	\$0	\$259	\$355
1430	Pier 43 - Arch	Small	\$0	\$226	\$0	\$226
1435	Pier 43 1/2	Piers	\$1,873	\$0	\$13,323	\$15,196
1435	Pier 43 1/2 - Franciscan Restaurant	Basic	\$194	\$699	\$344	\$1,237
1435	Pier 43 1/2 - Red & White Tours	Small	\$0	\$0	\$0	\$0
1435	Pier 43 1/2 - Taits/Patio Sandwich Shop	Small	\$48	\$0	\$0	\$48
1450	Pier 45	Piers	\$1,227	\$1,096	\$148	\$2,471
1450	Pier 45 - Shed A	Simple	\$458	\$1,207	\$2,237	\$3,902
1450	Pier 45 - Shed B	Simple	\$461	\$1,213	\$1,754	\$3,428
1450	Pier 45 - Shed C	Simple	\$529	\$497	\$4,761	\$5,787
1450	Pier 45 - Shed D	Simple	\$416	\$1,149	\$1,584	\$3,149
1461	Pier 46B China Basin Ferry Terminal	Piers	\$783	\$0	\$8,707	\$9,490
1470	Pier 47 - Guardinos Storage Bldg	Small	\$0	\$0	\$0	\$0
1470	Pier 47 - Scoma / Fish Prep Bldg	Small	\$0	\$48	\$0	\$48
1470	Pier 47 - Scoma Storage Bldg	Small	\$0	\$0	\$0	\$0
1470	Pier 47 - Scomas Restaurant	Basic	\$0	\$316	\$299	\$615
1470	Pier 47 - Scomas Storage Shed	Small	\$0	\$18	\$0	\$18
1470	Pier 47 - Wharf J6, J7, J8	Piers	\$1,724	\$699	\$3,733	\$6,156
1470	Pier 47 WF Albert Seafoods Proc Bldg	Simple	\$97	\$20	\$157	\$274
1480	Pier 48	Piers	\$7,172	\$1,383	\$1,307	\$9,862
1480	Pier 48 - Shed A	Simple	\$1,521	\$193	\$0	\$1,714
1480	Pier 48 - Shed B	Simple	\$1,562	\$198	\$0	\$1,760
1485	Pier 48 1/2 - Jellys restaurant	Small	\$0	\$0	\$0	\$0
1490	Pier 49 - Aliotos Restaurant (Wharf J-1)	Basic	\$0	\$348	\$291	\$639
1490	Pier 49 - Fishermans Grotto No. 9 (Wharf J-1)	Basic	\$0	\$541	\$451	\$992
1490	Pier 49 - Fishermans Memorial Chapel	Small	\$0	\$151	\$0	\$151
1490	Pier 49 - Guardinos (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1490	Pier 49 - Sabella & Latorre (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1490	Pier 49 - Tarantinos Restaurant (Wharf J-1)	Basic	\$0	\$211	\$172	\$383
1490	Pier 49 - The Crab Station (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1490	Pier 49 Nicks Lighthouse (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1050	Pier 5	Piers	\$0	\$0	\$0	\$0
1055	Pier 5 1/2 - Bulkhead Building	Basic	\$0	\$0	\$0	\$0
1500	Pier 50	Piers	\$26,308	\$1,613	\$17,045	\$44,967
1500	Pier 50 - Shed A	Simple	\$1,130	\$1,036	\$1,791	\$3,956
1500	Pier 50 - Shed B	Simple	\$1,040	\$0	\$1,816	\$2,856
1500	Pier 50 - Shed C	Simple	\$1,259	\$302	\$2,182	\$3,742
1500	Pier 50 - Shed D	Simple	\$1,048	\$1,013	\$2,791	\$4,852
1505	Pier 50 1/2	Piers	\$0	\$0	\$321	\$321
1505	Pier 50 Administration Building	Basic	\$1,190	\$505	\$468	\$2,162
1520	Pier 52	Piers	\$0	\$0	\$3,692	\$3,692
1540	Pier 54	Piers	\$27,970	\$0	\$11,084	\$39,054
1540	Pier 54 - Office Bldg	Small	\$505	\$0	\$0	\$505
1540	Pier 54 - Oil Shed	Small	\$120	\$0	\$0	\$120
1540	Pier 54 - Shed Building	Simple	\$363	\$0	\$593	\$956
1540	Pier 54 - Storage Shed	Small	\$0	\$40	\$0	\$40
600	Pier 60 - Wharf - wood piles	Piers	\$996	\$0	\$431	\$1,427

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1600	Pier 60 - Wharf Carmens Restaurant	Small	\$117	\$0	\$0	\$117
1640	Pier 64	Piers	\$2,461	\$0	\$1,596	\$4,057
1645	Pier 64 1/2 Kelly Mission Rock Resort Restnt	Basic	\$0	\$167	\$0	\$167
1680	Pier 68	Piers	\$6,476	\$35,249	\$23,516	\$65,241
1075	Pier 7 - The Waterfront Restaurant	Basic	\$115	\$265	\$146	\$525
1075	Pier 7 1/2	Piers	\$0	\$0	\$0	\$0
1070	Pier 7 Public Pier	Piers	\$0	\$0	\$0	\$0
1700	Pier 70	Piers	\$45,270	\$0	\$87,277	\$132,547
1680	Pier 70 - Pier 68 - Bathrooms Bldg. #141	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Beth Street Substation #2, Bldg. #50	Small	\$91	\$0	\$0	\$91
1680	Pier 70 - Pier 68 - Beth Street Warehouse Bldg. #30	Small	\$0	\$708	\$0	\$708
1680	Pier 70 - Pier 68 - Blast Shed Bldg. #150	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Boiler/Steam Power House - #103	Small	\$0	\$281	\$197	\$478
1680	Pier 70 - Pier 68 - Building #149	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Cable/Electric Shop - Bldg.#38	Simple	\$738	\$0	\$5,479	\$6,217
1680	Pier 70 - Pier 68 - Checkhouse #1, Bldg. #122	Small	\$0	\$0	\$161	\$161
1680	Pier 70 - Pier 68 - Checkhouse #2, Bldg. #123	Small	\$0	\$0	\$78	\$78
1680	Pier 70 - Pier 68 - Equipment Building #36	Simple	\$245	\$92	\$2,234	\$2,571
1680	Pier 70 - Pier 68 - Machine Shop - Bldg. #105	Simple	\$454	\$41	\$3,600	\$4,095
1680	Pier 70 - Pier 68 - near checkhouse #2, Building #51	Small	\$60	\$0	\$0	\$60
1680	Pier 70 - Pier 68 - Office Bldg (#127)	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Office Bldg Annex to #101, Bldg. #40	Basic	\$1,315	\$0	\$284	\$1,599
1680	Pier 70 - Pier 68 - Office Building #101	Basic	\$5,519	\$558	\$25,057	\$31,135
1680	Pier 70 - Pier 68 - Office Building #104	Basic	\$3,843	\$0	\$16,983	\$20,826
1680	Pier 70 - Pier 68 - Office/Warehouse Bldg.- Bldg #111	Basic	\$5,361	\$1,223	\$9,564	\$16,148
1680	Pier 70 - Pier 68 - Ops. Bldg #102	Basic	\$752	\$162	\$815	\$1,729
1680	Pier 70 - Pier 68 - Pipe Rack, Bldg. #120	Small	\$0	\$0	\$42	\$42
1680	Pier 70 - Pier 68 - Pipe Storage Bldg #107	Small	\$0	\$195	\$0	\$195
1680	Pier 70 - Pier 68 - Sheet Metal/Tools Bldg #109	Simple	\$831	\$928	\$459	\$2,218
1680	Pier 70 - Pier 68 - Shipwright Building -#108	Basic	\$5,438	\$231	\$9,762	\$15,432
1680	Pier 70 - Pier 68 - Steel Shop Office (bldg #121)	Small	\$0	\$93	\$0	\$93
1680	Pier 70 - Pier 68 - Substation #4 (bldg #58)	Small	\$0	\$0	\$128	\$128
1680	Pier 70 - Pier 68 - Substation #6, Bldg. #64	Small	\$302	\$0	\$919	\$1,221
1680	Pier 70 - Pier 68 - Substation #7 (bldg #68)	Small	\$0	\$217	\$71	\$288
1680	Pier 70 - Pier 68 - Warehouse & 6-ton crane, Bldg. #49	Simple	\$86	\$117	\$22	\$224
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #110	Small	\$593	\$0	\$695	\$1,288
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #119	Small	\$217	\$0	\$0	\$217
3450	Pier 70 - SWL 345 - Kneass Boatworks, Main Office/boat storage	Simple	\$0	\$0	\$1,523	\$1,523
3450	Pier 70 - SWL 345 - Kneass, Pier 66 Boatyard Office	Small	\$302	\$0	\$0	\$302
3490	Pier 70 - SWL 349 - Auto Yard Shop Bldg #19	Simple	\$178	\$0	\$1,016	\$1,194
3490	Pier 70 - SWL 349 - Beth Street Stress Relieving, Bldg. #16	Simple	\$250	\$0	\$1,131	\$1,381
3490	Pier 70 - SWL 349 - Beth Street Warehouse, Bldg. #32	Simple	\$323	\$0	\$1,393	\$1,716
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #24	Small	\$518	\$0	\$646	\$1,164
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #25	Small	\$0	\$225	\$49	\$274

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #29	Small	\$558	\$0	\$767	\$1,325
3490	Pier 70 - SWL 349 - Brass Foundry, Bldg. #115	Simple	\$486	\$0	\$5,035	\$5,521
3490	Pier 70 - SWL 349 - Foundry, Bldg. #116	Simple	\$486	\$0	\$5,035	\$5,521
3490	Pier 70 - SWL 349 - Test Room, Bldg. #23	Small	\$658	\$0	\$230	\$888
3490	Pier 70 - SWL 349 - UIW Machine Shop, Bldg. #114	Simple	\$243	\$0	\$2,295	\$2,538
3490	Pier 70 - SWL 349 Building #6 (condemned)	Simple	\$1,039	\$0	\$6,258	\$7,297
3490	Pier 70 - SWL 349 Equipment Bldg - Bldg #14	Simple	\$435	\$0	\$4,825	\$5,260
3490	Pier 70 - SWL 349 Heavy Machine Shop - Bldg #113	Simple	\$2,322	\$0	\$26,575	\$28,897
3490	Pier 70 - SWL 349 Office Building - Bldg. #11 Noonan	Basic	\$3,564	\$467	\$7,422	\$11,453
3490	Pier 70 - SWL 349 SF Shipyard Training Bldg 117	Simple	\$606	\$195	\$9,390	\$10,191
3490	Pier 70 - SWL 349 Shop Building - Bldg #21	Simple	\$226	\$0	\$3,321	\$3,547
3490	Pier 70 - SWL 349 Traffic Department Bldg. #12 & #15	Basic	\$7,463	\$0	\$15,753	\$23,216
3490	Pier 70 - SWL 349 Traffic Dept. Shed - Bldg #66	Simple	\$618	\$0	\$531	\$1,149
3490	Pier 70 - SWL 349 Warehouse - Bldg.2	Simple	\$2,226	\$179	\$18,276	\$20,682
1800	Pier 80	Piers	\$8,208	\$2,400	\$55,447	\$66,055
1800	Pier 80 - Entry Canopy	Simple	\$220	\$0	\$266	\$486
1800	Pier 80 - Gear & Maintenance Building	Simple	\$884	\$198	\$938	\$2,020
1800	Pier 80 - Office Bldg #2	Small	\$0	\$95	\$0	\$95
1800	Pier 80 - Service Building	Simple	\$987	\$1,151	\$745	\$2,883
1800	Pier 80 - Shed A	Simple	\$835	\$4,707	\$21,019	\$26,561
1800	Pier 80 - Shed D	Simple	\$630	\$3,205	\$4,065	\$7,900
1800	Pier 80 - Terminal Office	Small	\$240	\$0	\$0	\$240
2800	Pier 80 Administration Building	Basic	\$2,303	\$2,457	\$1,888	\$6,648
1800	Pier 80 Office Bldg #1	Small	\$0	\$95	\$0	\$95
1090	Pier 9	Piers	\$10,538	\$0	\$8,660	\$19,198
1095	Pier 9 1/2	Piers	\$683	\$0	\$562	\$1,245
1090	Pier 9 Bulkhead/Shed Building	Basic	\$8,048	\$2,953	\$3,091	\$14,093
1900	Pier 90	Piers	\$9,598	\$0	\$0	\$9,598
1900	Pier 90 - Fire Department Building	Basic	\$67	\$45	\$150	\$261
1900	Pier 90 - Maintenance Bldg	Small	\$0	\$85	\$0	\$85
1900	Pier 90 - Old Powerhouse	Small	\$0	\$0	\$0	\$0
1900	Pier 90 - Storage Bldg	Small	\$0	\$32	\$0	\$32
1900	Pier 90 - Truck Pits	Small	\$0	\$88	\$0	\$88
1920	Pier 92	Piers	\$3,666	\$0	\$0	\$3,666
1940	Pier 94 - 96 wharf area	Piers	\$4,565	\$0	\$13,627	\$18,192
1940	Pier 94 - Wharfside Building	Small	\$0	\$0	\$0	\$0
1960	Pier 96 - Administration Building	Basic	\$543	\$395	\$374	\$1,312
1960	Pier 96 - Bounty Restaurant	Basic	\$715	\$0	\$141	\$856
1960	Pier 96 - Entry Canopy	Simple	\$54	\$122	\$240	\$416
1960	Pier 96 - Exit Canopy	Simple	\$28	\$91	\$142	\$261
1960	Pier 96 - Gatehouse Bldg	Small	\$0	\$0	\$0	\$0
1960	Pier 96 - Maintenance Building	Basic	\$737	\$446	\$728	\$1,911
1960	Pier 96 - Office/Restroom	Small	\$0	\$116	\$0	\$116
1960	Pier 96 - Recycling/LASH Terminal	Simple	\$1,453	\$1,074	\$4,484	\$7,010
1960	Pier 96 - Storage	Small	\$0	\$130	\$0	\$130
1960	Pier 96 - Truck Scales	Small	\$0	\$34	\$0	\$34

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
0000	Port-wide Projects	Port Wide	\$21,600	\$250,544	\$4,633	\$276,777
4036	Street - 20th east of Illinois	Street	\$392	\$0	\$0	\$392
4038	Street - 24th from Michigan to Maryland	Street	\$545	\$0	\$488	\$1,033
4043	Street - Amador and extension	Street	\$1,731	\$0	\$15,360	\$17,091
4022	Street - Broadway btw Embarcadero & Vallejo	Street	\$431	\$0	\$62	\$493
4008	Street - Embarcadero from Taylor to Powell	Street	\$0	\$0	\$0	\$0
4020	Street - Green between Davis and Front	Street	\$143	\$0	\$0	\$143
3030	Street - Hyde Alley, Fish Alley	Street	\$253	\$0	\$185	\$438
4001	Street - Hyde N of Jefferson to Hyde St Pier	Street	\$205	\$0	\$0	\$205
4004	Street - Jefferson btw Jones and Leavenworth	Street	\$106	\$0	\$0	\$106
4002	Street - Jefferson from Leavenworth to Hyde	Street	\$111	\$0	\$826	\$937
4017	Street - Lombard btw Sansome and Embarcadero	Street	\$153	\$0	\$0	\$153
4040	Street - Marin east of Michigan	Street	\$143	\$0	\$492	\$635
3020	Street - Pier 47, Fish Alley, Al Scoma Way	Street	\$341	\$0	\$0	\$341
4003	Street - R.H. Dana Dr. (Leavenworth) N of Jefferso	Street	\$126	\$0	\$0	\$126
4033	Street - T. Francois along China Basin	Street	\$429	\$0	\$0	\$429
4034	Street - T. Francois btw China Basin and Mission R	Street	\$4,493	\$0	\$0	\$4,493
4006	Street - Taylor Street btw. Jefferson and Embarcadero	Street	\$261	\$0	\$246	\$507
4041	Street - TN, IN, MN btw Tulare and Marin	Street	\$751	\$0	\$0	\$751
3010	SWL 301 - Andre Boudin Pavilion	Small	\$0	\$0	\$1,477	\$1,477
3010	SWL 301 - Andre Boudin Restaurant	Basic	\$0	\$135	\$0	\$135
3020	SWL 302 - Alioto Fish Co.	Basic	\$0	\$445	\$381	\$826
3020	SWL 302 - Castagnola/Storage Bldg	Small	\$0	\$0	\$0	\$0
3020	SWL 302 - Crab Boat Owners Asso.	Basic	\$459	\$0	\$65	\$524
3020	SWL 302 - Firewood Cafe	Basic	\$0	\$113	\$96	\$209
3020	SWL 302 - Pompeis Grotto	Basic	\$0	\$101	\$99	\$200
3020	SWL 302 - Port Harbor Office	Small	\$0	\$0	\$0	\$0
3020	SWL 302 - Scomas (Smoke House)	Basic	\$0	\$0	\$115	\$115
3020	SWL 302 - United Shellfish Warehouse	Small	\$0	\$156	\$0	\$156
3030	SWL 302 Cal Shell Fish Shed	Small	\$0	\$0	\$0	\$0
3020	SWL 302 Castagnola Rest.	Basic	\$0	\$426	\$356	\$782
3020	SWL 302 Coast Marine Supply Mat. Storage Bldg	Simple	\$0	\$177	\$503	\$680
3020	SWL 302 Costal Marine Retail Space	Small	\$0	\$0	\$0	\$0
3020	SWL 302 D&G Co. d.b.a. Lou Blues	Small	\$0	\$0	\$0	\$0
3020	SWL 302 Franks Fisherman Supply	Basic	\$0	\$325	\$197	\$522
3020	SWL 302 Substructure (Wharf J-9)	Piers	\$4,439	\$331	\$1,681	\$6,451
3020	SWL 302 United Shellfish Processing	Simple	\$0	\$15	\$41	\$56
3030	SWL 303 - Alioto Fish Co,	Basic	\$0	\$317	\$177	\$494
3030	SWL 303 - Cal Shell Fish	Basic	\$0	\$268	\$117	\$385
3030	SWL 303 - Cioppinos/(Hoppe)	Basic	\$0	\$558	\$275	\$833
3030	SWL 303 - Franceschis Restaurant	Basic	\$0	\$110	\$89	\$199
3030	SWL 303 - GP Resources	Small	\$0	\$28	\$0	\$28
3030	SWL 303 - SP Trantino/Martell Ins	Small	\$0	\$0	\$0	\$0
3030	SWL 303 - The Bay Company, Hoppe, Arthur N.	Basic	\$0	\$246	\$201	\$447
3110	SWL 311 Pier 39 Garage	Simple	\$0	\$738	\$5,823	\$6,561
3130	SWL 313 Embarcadero Triangle Lot Assn.	Simple	\$0	\$583	\$2,761	\$3,344

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

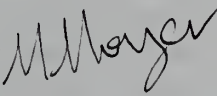
Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
3150	SWL 315 Office Bulding (HHC Investment limited)	Basic	\$0	\$4,151	\$3,180	\$7,331
3150	SWL 315 Parking Structure	Simple	\$0	\$489	\$3,700	\$4,189
3160	SWL 316 Houstons Restaurant	Basic	\$0	\$475	\$303	\$778
3170	SWL 317 Office Building	Basic	\$0	\$6,720	\$3,490	\$10,210
3180	SWL 318 Roundhouse One	Basic	\$0	\$624	\$484	\$1,108
3180	SWL 318 Roundhouse Two	Basic	\$1,216	\$699	\$657	\$2,571
3180	SWL 318 Sandhouse	Small	\$0	\$0	\$0	\$0
3190	SWL 319 Fog City Diner	Basic	\$0	\$286	\$112	\$398
3220	SWL 322 ABC TV	Basic	\$0	\$8,726	\$4,076	\$12,802
3300	SWL 330 Restaurant and Apts. at Townsend	Basic	\$0	\$1,706	\$1,803	\$3,509
3310	SWL 331 & 332 Delancey Street Foundation	Basic	\$0	\$3,827	\$3,942	\$7,769
3430	SWL 343 Bluepeter Building	Simple	\$322	\$62	\$466	\$850
3450	SWL 345 - SF Boat Works Office/Shop	Basic	\$0	\$419	\$186	\$605
3450	SWL 345 - SF Boat Works Storage/The Ramp	Simple	\$67	\$76	\$154	\$297
3520	SWL 352 - Backlands Redevelopment	Basic	\$2,247	\$0	\$0	\$2,247
1620	Third Street Bridge House	Small	\$0	\$0	\$0	\$0
5470H	Wharf J-11	Piers	\$401	\$0	\$0	\$401
5470	Wharf J-4	Piers	\$965	\$78	\$0	\$1,043
1490	Wharfs J-1 and J-3 (Pier 49)	Piers	\$0	\$741	\$2,850	\$3,591
PORT TOTAL			\$543,510	\$453,211	\$1,010,602	\$2,007,323



MEMORANDUM

February 5, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique A. Moyer 
Executive Director

SUBJECT: Informational presentation on commencement of Blue Greenway Planning Process.

DIRECTOR'S RECOMMENDATION: Information Only - No Action Required

Overview

This staff report provides a brief history of the Blue Greenway project and provides an overview of the upcoming community planning process and associated work program. The planning process will be led by the Port with assistance from the Department of Public Works, Bureau of Landscape Architects, consultants, an interagency working group and interested stakeholders through a Community Steering Committee. This community planning process is the initial step and is a critical component in facilitating the ultimate implementation of the Port's improvements to the Blue Greenway, which will be primarily funded through the 2008 Clean and Safe Parks General Obligation Bond funds.

The result of the community planning process is to develop a document that guides design and programming of the Blue Greenway system of projects and prioritizes projects based upon available funding.

Background

The Blue Greenway (see Exhibit 1, Draft Blue Greenway map) is the City of San Francisco's effort to improve the City's Southern portion of the 500 mile, 9-county region wide Bay Trail and waterfront open space system, which was established in 1987 by SB 100 and is managed by the Association of Bay Area Governments (ABAG).

The Blue Greenway concept evolved out of the fact that while San Francisco's portion of the Bay Trail is primarily completed on the northern portion of its waterfront from

This Item Covers Calendar Item No. 9A

Golden Gate Bridge to AT&T Park, the southern portion requires significant improvement. The Neighborhoods Parks Council (NPC) and San Francisco Planning and Urban Research Association (SPUR) initiated the effort to promote coordination between public agencies to continue planning and implementation of open space improvements by the Port, the City's Planning and Recreation & Parks (R&P) Departments, the Redevelopment Agency (SFRA), the San Francisco Bay Conservation and Development Commission (BCDC) and California State Parks Department. This effort was furthered by Mayor Gavin Newsom's 2006 Blue Greenway Task Force, in which the Port participated.

The Mayor's Task Force developed the following Vision Statement for the effort:

“The Blue Greenway is more than a trail; it is a unifying identity for the 13-mile corridor along San Francisco's southeastern waterfront. The Blue Greenway will link established open spaces; create new recreational opportunities and green infrastructure; provide public access through the implementation of the San Francisco Bay Trail, the San Francisco Bay Area Water Trail, and green corridors to surrounding neighborhoods; install public art and interpretive elements; support stewardship; and advocate for waterfront access as an element of all planning and development processes over time”.

The following guiding principles were developed from the Task Force:

Identity

A working, urban waterfront that invites public use and enjoyment and access to the water;

Health and Environment

An environmentally sustainable and accessible shoreline on the Bay that is safe and healthy for people as well as wildlife;

Connectivity

A premier public open space system that connects San Francisco's southeastern neighborhoods to the Bay; and

Economy and Development

A catalyst for responsive and responsible development, employment opportunities, and economic vitality.

Based upon the efforts of the Port and as a result of the Mayor's Task Force, the Port identified significant Blue Greenway opportunities along the Southern Waterfront as a component of the City's 2008 Clean and Safe Neighborhood Parks Bond. In order to facilitate the expenditures of this General Obligation (GO) Bond measure, the Port agreed with the GO Bond Planning Committee to conduct a community planning process for the Blue Greenway that will:

- define open space opportunities including programming (where & how parks could be used);

- develop design guidelines to provide continuity and cohesiveness throughout the system of open spaces and the connections between them (identify consistent site furnishings, signage, interpretation, art); and
- develop project prioritization for the improvements based upon available funds, including sources other than the Port (recognizing the GO Bond funding will not fund all potential improvements).

This work will produce Blue Greenway Planning and Design Guidelines. These Guidelines define project and design parameters to provide direction for scoping and developing detailed construction plans to implement new Blue Greenway improvement projects.

Work Program

The Port has developed a preliminary scope of work to conduct the Community Planning Process. The planning work product will include analysis and design considerations for Port and non-port lands, but use of Port and GO Bonds funds for implementation would only be used on Port lands. The community planning process will be led by Port staff with assistance through a work order from the Department of Public Works (DPW) Bureau of Landscape Architects, a community outreach consultant and a landscape graphics consultant, who will provide graphics design services for signage, way-finding and identity development.

The proposed work program includes multiple updates to the Port Commission to provide input and direction and process reports.

Community Outreach and Interagency Coordination

In order to develop Planning and Design Guidelines for the Blue Greenway and to prioritize projects for implementation, the Port has developed a community-based planning process. This process, described below, builds upon the tremendous amount of work completed to date, and takes advantage of the existing community organizations and outreach processes that are already in place. The work will be coordinated with an interagency (City, Regional, & State) review effort.

The Port proposes to establish a Community Steering Committee for the Blue Greenway planning that will represent various neighborhood interests, including: open space, park, water access and environmental advocates, design professionals, property owners and developers. This process is designed to be transparent and open to anyone interested, but Steering Committee members are representatives that will commit to attending meetings, represent a broad range of interest and report back to constituents, information about the project. Committee members will be responsible for attending Blue Greenway specific workshops (as articulated below) and may assist in coordinating the Port and team with outreach to their representative groups. In addition, they will be responsible for providing input on the Planning and Design Guidelines and prioritization concepts being established and will provide input at all stages of the work program.

The Community Steering Committee would include:

- A representative from the Port's, Central Waterfront Advisory Group (CWAG), Southern Waterfront Advisory Committee (SWAC) and Maritime Advisory Committee (MCAC)
- Neighborhood Parks Council (NPC)
- Bayview Hunters Point Project Area Committee (BVHP- PAC)
- Hunters Point Shipyard Citizens Advisory Committee (HPSY - CAC)
- Mission Bay Citizens Advisory Committee
- Literacy for Environmental Justice (LEJ)
- Bicycle Coalition
- Bay Access
- SPUR
- Natural Areas
- NPC Blue Greenway Steering Committee
- Green Trust
- State Parks Foundation
- Developers/Property Owners

Because the Blue Greenway alignment crosses so many jurisdictions it is important to establish an interagency working group that can coordinate on issues that cross geographical and agency responsibilities. This Interagency Working Group will be coordinated by the Port and will be responsible for expertise and policy oversight on all issues that may affect multiple jurisdictions, provide technical oversight and review on best practices and insure that the Planning and Design Guidelines developed can and will be implemented.

The Interagency Working Group (IWG) would include:

- Port
- SFRA
- DPW
- Recreation and Park
- Municipal Transportation Agency (MTA)
- City Planning
- Mayor's Office
- San Francisco Public Utilities Commission
- SF Arts Commission
- BCDC
- ABAG - Bay Trail
- Coastal Conservancy
- State Parks

Summarized Scope of Work & Schedule

Phase 1 Project Initiation

This phase will include: the formation of the Community Steering Committee and Interagency Work Group; review of the proposed work program with community members; and establish an anticipated schedule for the planning process.

Schedule: February – March '09

Phase 2 Existing Conditions, Opportunities and Constraints, Best Practices and Programming Considerations

This phase will be the foundation of the planning effort. It will include the preparation of a document for public discussion and review that includes: (a) assembly of all of the existing site conditions and existing plans, which will influence the planning effort; (b) identifying opportunities and constraints as it relates to improving the Blue Greenway; (c) identifying Best Practices of waterfront open space systems from around the world to determine feasibility or lessons learned that could be applied to the Blue Greenway; and (d) identifying a variety of suggested program (use) options for the different waterfront open spaces. Because of the physical scale of the Blue Greenway, it is likely that this information will be presented to the community in geographic sub-areas, including: 1) Mission Creek to Islais Creek; 2) Islais Creek to the Hunters Point Shipyard and 3) the Hunters Point Shipyard to the County line. This information will be reviewed through presentations to existing Citizen Advisory Committees (CACs) and other public forums. The second half of this phase will be to refine program use options and to present them for review and comment through a community workshop specifically for the Blue Greenway. The results of this phase will be presented to the Port Commission.

Schedule: February – July '09

Phase 3 Alternative Design Guidelines

This phase will be used to develop alternative design concepts for improvements that will be made throughout the Blue Greenway "system", including site furnishings (seating, lighting, identity markers, way finding, interpretation and public art), and pathway and roadway or other types of connections. The improvements are intended to provide the continuity and cohesiveness along the Blue Greenway so that anyone enjoying the improvements can recognize they are on a "system" of open spaces. This phase of work will be reviewed through the use of a Blue Greenway specific community workshop(s). The results of this phase will be presented to the Port Commission.

Schedule: May – October '09

Phase 4 Develop Cost Estimates & Project Prioritization

This phase of work will include the development of order of magnitude cost estimates to help determine feasibility of improvements and to help determine project prioritization. It is recognized that there is a limited resource of funding available in relation to the scope of projects being considered. This phase will recommend project priorities that maximize the use of available funds and may suggest methods of using existing funds to leverage additional funds to maximize opportunities. Community outreach for this phase will be through existing CACs and other forums.

Schedule: July – December '09

Phase 5 Draft Design Guidelines, Programming and Prioritization Concepts

This phase will prepare a draft document of the work completed to date and include revisions to programming options, design guidelines and project prioritization based upon the Port Commission and community's input. This document will be presented for review through a Blue Greenway specific Community Workshop(s) and to the Port Commission.

Schedule: October '09 – February '10

Phase 6 Final Design Guidelines, Programming Concepts, Cost Estimates and Project Prioritization

This phase of work will be to finalize the Blue Greenway Planning and Design Guidelines, based upon the community planning process. The document will be utilized by the Port and other agencies to guide the implementation of the Blue Greenway. Based upon this document, the Port will begin the necessary steps to implement specific projects as identified. The final product will be presented to the Port Commission and to the community through the existing CACs.

Schedule: February – April '10

Funding

The Port has identified through its Capital Plan, a series of potential funding mechanisms that could be utilized to finance portions of the Blue Greenway, some of which rely on future Port development projects and some of which are currently available.

Specific funds currently available include:

- the San Francisco voter approved February 2008 Proposition A, Clean & Safe Neighborhood Parks General Obligation Bond, which committed \$33.5 Million to the Port of San Francisco for waterfront parks and open space, of which approximately \$22.5 million is designated for improvements along the Blue Greenway. The Port committed to use approximately \$250,000 of the Blue Greenway funds towards the creation of a document to guide the development and improvements to the Blue Greenway and approximately \$750,000 to construct some of the initial common element improvements developed through the process, including way-finding, site furnishings and potentially public art within the Port's jurisdiction. The remaining \$21.5 million will then be used to improve specific facilities, such as Heron's Head Park, Islais Creek, Warm Water Cove Park, Crane Cove Park, and the Mission Bay Shoreline.
- approximately \$700,000 in mitigation funds from BCDC to be used to improve Islais Creek and;
- \$5.5 million (\$550,000 for 10 years) from proceeds from the Transbay Cable Project, lease agreement, that specifically allocated funds for Southern Waterfront open space and/or energy efficiency improvements.

It is anticipated that the Port can use some of these funds to leverage additional funds from other regional, state or federal resources and that other City agencies would work with the Port to invest and prioritize the related transportation projects.







Next Steps

Port staff will begin implementing this work program by working with DPW to define the work order and scope of work; identifying appropriate consultants to assist, establishing the Community Steering Committee and getting commitments from the interagency working group. It is anticipated that February and March will be utilized to seek community support for the work program and that Phase 1 and a significant portion of Phase 2, will be completed in the Spring of 2009.

Prepared by: David Beaupre, Senior Waterfront Planner

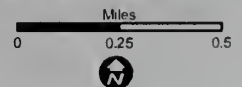
SAN FRANCISCO BLUE GREENWAY

Southern Waterfront Open Space System

-  Blue Greenway
-  T Line Station
-  RPD Open Space
-  Non Port/RPD Open Space
-  Port Open Space
-  Planned Open Space

OPEN SPACE INDEX

- ① Mission Creek Shoreline North
- ② Mission Creek Shoreline South
- ③ China Basin Park
- ④ Terry Francois Blvd Improvements
- ⑤ Pier 52 Boat Launch
- ⑥ Bayfront Park
- ⑦ Agua Vista Park
- ⑧ Mission Bay Parks 23 & 24
- ⑨ Pier 64 Shoreline Access
- ⑩ Illinois Street Improvements
- ⑪ Pier 70 Crane Cove Park
- ⑫ Pier 70 Open Spaces
- ⑬ Pier 70 Shipway Park
- ⑭ 22nd Street Shoreline Access
- ⑮ 24th Street Improvements
- ⑯ Warm Water Cove Park
- ⑰ Islais Creek North
- ⑱ Islais Creek South
- ⑲ Bayview Gateway
- ⑳ Cargo Way Improvements
- ㉑ Pier 94 Wetlands
- ㉒ Heron's Head Park
- ㉓ PG&E Shoreline Access
- ㉔ Jennings/Innes Ave Improvements
- ㉕ India Basin Shoreline Park
- ㉖ HPS Neighborhood Park
- ㉗ Concessionaire Extreme Park
- ㉘ Yosemite Slough Wetland
- ㉙ Bayview Gardens
- ㉚ Candlestick State Park



Draft for
Internal Review

Plan to Reconfigure
Candlestick Recreation
Area & Open Spaces

G:\Southern Waterfront\Blue Greenway\Graphics\BG_Map





MEMORANDUM

February 5, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Informational Presentation by Port Staff and the Potential Developer for the 16 Acre Mixed Use Development Opportunity at Seawall Lot 337 (includes AB 8719, Lot 002; AB 9900, Lot 62; AB 9900, Lot 048; and AB 9900, Lot 048H; all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street and Third Street)

DIRECTOR'S RECOMMENDATION: Information Only - No Action Required

BACKGROUND

On October 23, 2007, the Port Commission authorized staff to issue a Request for Qualifications ("RFQ") for development of SWL 337 based on objectives and criteria developed through a community planning process. The Commission also authorized the Executive Director to convene a Seawall Lot 337 Advisory Panel representing planning, environmental, economic, urban design & architecture, neighborhood and city-wide interests and expertise to review respondent development concepts and provide findings and recommendations to the Port Commission for its consideration and action (Resolution No. 07-80). Four teams submitted timely, complete and responsive development concepts.

On February 26, 2008, the Port Commission received an informational presentation from the four developer teams regarding their RFQ submittals. On April 8, 2008, the Port Commission received an informational presentation from the SWL 337 Advisory Panel summarizing its deliberations and evaluation of the four RFQ submittals.

On April 22, 2008, the Port Commission approved the Advisory Panel's recommendation to invite two of the development teams to respond to a Request for Proposals (RFP) (Resolution No. 08-25). The Commission also authorized issuance of the RFP with revised objectives and criteria (Resolution No. 08-26).

This Print Covers Calendar Item No. 9B

SHORTLISTED DEVELOPER TEAMS COMBINE INTO SINGLE ENTITY

On August 19, 2008 the two development teams invited to respond to the RFP informed the Port of their intention to combine into a single development entity "in an effort to strengthen our efforts, to devise the best possible design for the site, and to increase the likelihood that a financially beneficial and viable project can move forward and begin generating revenues for the Port". The combined developer team requested and was granted four extensions of the submittal deadline, to January 15, 2009.

PORT RECEIVES ONE DEVELOPMENT PROPOSAL

On January 15, 2009, the Port received an RFP submittal from the shortlisted developer team (as combined) comprised of the following partners (listed in the order named in the submittal):

San Francisco Giants
Wilson Meany Sullivan
Kenwood Investments
The Cordish Company
Stockbridge Capital
Farallon Capital Management, LLC

At the February 10, 2009 Port Commission meeting, the developer team will present its development concept for SWL 337 which has been posted on the Port's webpage for this offering (www.sfport.com/swl337). Port staff has performed an initial review of the submittal and extracted the main points and concepts as shown on the attached Exhibit A. This information, where possible, reflects the submittal's exact language and does not reflect staff analysis or judgment regarding the proposal.

ADDITIONAL PUBLIC OUTREACH AND NEXT STEPS

In order to provide additional opportunities for public comment, the development team will present its proposal for SWL 337 at a public workshop scheduled for Wednesday, March 18, 2009, from 5:00 to 8:00 p.m. in the Prologis Exhibit Hall located at 255 Channel Street in the Mission Bay neighborhood. The development proposal will also be reviewed and discussed by the Central Waterfront Advisory Group (CWAG) at its March 2009 meeting. At these presentations the developer team will share its vision for the site followed by substantial time for public comment. The presentations will enable the developer team and community stakeholders to have a direct exchange on the public's response to the development concept. The Port is also seeking public comment on the development proposal through its website.

The development proposal will undergo review by the SWL 337 Advisory Panel with assistance from Port staff, City support staff and independent consultants. The results of the Advisory Panel evaluation and a summary of the public comment received will be presented to the Port Commission for its consideration prior to making a decision on the developer selection. Currently this is anticipated to occur at either the April 28 or May 12,

2009 Port Commission meetings. Pursuant to Port Commission direction, the anticipated project schedule leading to commencement of construction is shown on the attached Exhibit B.

Prepared by: Phil Williamson
Project Manager

For: Jonathan Stern
Assistant Deputy Director
Waterfront Development

Byron Rhett, Deputy Director
Planning and Development

Attachments

Exhibit A: Summary of RFP Submittal

Exhibit B: Proposed Schedule

Site Map

EXHIBIT A

Summary of Seawall Lot 337 RFP Submittal

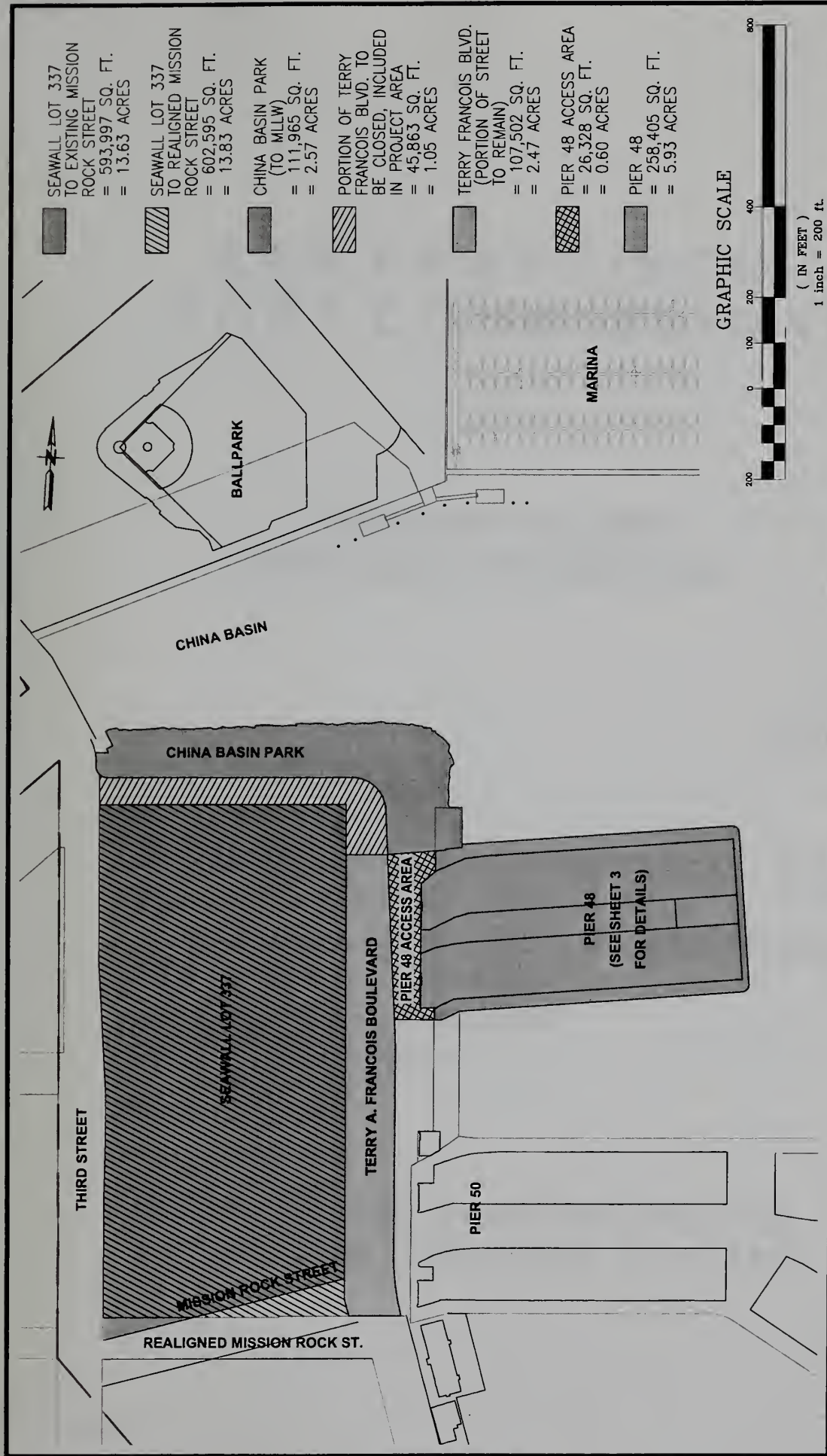
Development Entity:	
San Francisco Giants Wilson Meany Sullivan Kenwood Investments The Cordish Company Stockbridge Capital Farallon Capital Management, L.L.C.	
Project Team:	
Land Use/Urban Designer	SMWM/Perkins & Will Beyer Blinder Belle
Architecture	SMWM/Perkins & Will Beyer Blinder Belle
Landscape Architect	Hargreaves Associates
Civil Engineers	BKF Civil Engineers
Transportation and Parking	Robert L. Harrison Transportation Planning Adavant Consulting Douglas Wright Consulting Messagesmith Strategic Communications Imperial Parking
Legal Counsel	Coblentz, Patch, Duffy & Bass Sheppard Mullin Hampton & Richter
Geotechnical Engineers	Treadwell & Rollo ENGEO
Sustainability Advisors	Atelier Ten
Hazardous Materials Remediation/Environmental	Ash Creek Associates, Inc. Eler Kalinowski
Construction	Hathaway Dinwiddie Nibbi Brothers
Community Relations	San Francisco Giants Wilson Meany Sullivan Kenwood Investments The Cordish Company
Lead Negotiator	Seawall Lot 337 Associates, LLC
Comparable development & construction projects of development entity principals	SF Giants: AT&T Park; China Basin Park Cordish: Ballpark Village, St. Louis, MO; Kansas City Power & Light District Farallon: Mission Bay

	WMS: The Ferry Building Kenwood: Treasure Island
Project Concepts	
<ul style="list-style-type: none"> Overview 	<p>SWL 337 will feature a major waterfront open space sweeping up from the Bay into a lively mixed-use neighborhood with office, residential, retail and recreational uses. Linking to the streets of Mission Bay, the proposed block pattern of SWL 337 is broken into ten small city blocks to create a pedestrian friendly environment and provide views and paths to the park and water from all directions within and outside the district.</p>
<ul style="list-style-type: none"> Open Space 	<p>8.7 acres of public open space including a 1.5 acre neighborhood square within the core of the development, a 1 acre plaza at the entrance to Pier 48 and a 5.1 acre park directly on the Bay bringing people close to the water through a promenade that extends over the rip-rap and steps leading down to the water and to a kayak launch. Park to be activated by programs for family recreation, gatherings, performances and enjoyment of Bay and China Basin views. Rooftop gardens and playfields, primary streets and sidewalks are <u>in addition</u> to the 8.7 acres.</p>
<ul style="list-style-type: none"> Total Commercial Space 	<p>Retail space: 242,375 sq. ft. Event/Flex space: 181,200 sq. ft. Office: 1,037,400 sq. ft. Residential: 875 units Parking: 2,650 spaces</p>
<ul style="list-style-type: none"> Pier 48 	<p>Front portion of 48A: Restaurant; Front portion of 48B: Retail Central portion of both sheds: Flexible space for events, trade shows, exhibits, festivals with some game day parking. Rear portion of both sheds and connector building: major event and conference center with small café. Renovated pier apron: Maritime operations and vessel berthing, public access, fishing, Bayside History Walk.</p>

EXHIBIT B

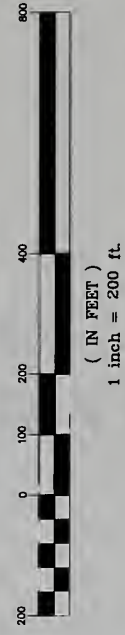
SWL 337 Potential Schedule


October 30, 2007	RFQ Issued
May 28, 2008	RFP Issued
August 27, 2008	Original Proposal Due Date
January 15, 2009	Proposals Received
February 10, 2009	Executive Session Direction from Port Commission
February 10, 2009	Informational Presentation to Port Commission and Public on Proposal Received
March 18, 2009	Advisory Panel Public Meeting
April 28, 2009	Port Commission Action Item to Authorize Award/Negotiate ENA
May 26, 2009	Port Commission Action Item to Approve ENA
April – August 2009	Negotiate Term Sheet
April – August 2009	Commence Re-zoning & EIR in Coordination with Planning Department
September 2009	Port Commission Action Item to Approve Term Sheet
September – October 2009	Board of Supervisors Action Term Sheet “Early Read”
2010	State Land Commission Trust Study/Concurrence
2010	BCDC Seaport Plan Amendment
2011	Certification of EIR and Zoning Changes – Planning Commission
Early 2012	Port Commission Approves LDDA/Lease
Early 2012	Board of Supervisors Approval of LDDA/Lease
2012-13	Design and Construction
2013	Execute Lease – Break Ground
2013-2022	Project Phases 1-4



- SEAWALL LOT 337 TO EXISTING MISSION ROCK STREET = 593,997 SQ. FT. = 13.63 ACRES
- SEAWALL LOT 337 TO REALIGNED MISSION ROCK STREET = 602,595 SQ. FT. = 13.83 ACRES
- CHINA BASIN PARK (TO MLW) = 111,965 SQ. FT. = 2.57 ACRES
- PORTION OF TERRY FRANCOIS BLVD. TO BE CLOSED, INCLUDED IN PROJECT AREA = 45,863 SQ. FT. = 1.05 ACRES
- TERRY FRANCOIS BLVD. (PORTION OF STREET TO REMAIN) = 107,502 SQ. FT. = 2.47 ACRES
- PIER 48 ACCESS AREA = 26,328 SQ. FT. = 0.60 ACRES
- PIER 48 = 258,405 SQ. FT. = 5.93 ACRES

GRAPHIC SCALE



APPROVED BY SAN FRANCISCO PORT COMMISSION DATE _____ CHIEF HARBOR ENGINEER	 SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	APPENDIX A SEAWALL LOT 337 DEVELOPMENT OPPORTUNITY SITE		
		PREPARED BY: AMN DRAWN BY: AMN CONTRACT NO. _____ DRAWING NO. _____	CHECKED BY: D. OSHIMA DATE: MAY 19, 2008 SCALE: 1" = 200' SHEET NO. 2 OF 2 SHEETS	

SAN FRANCISCO PORT COMMISSION

**FEBRUARY 10, 2009
MINUTES OF THE MEETING**

**GOVERNMENT
DOCUMENTS DEPT**

FEB 20 2009

MEMBERS, PORT COMMISSION

HON. RODNEY FONG, PRESIDENT

HON. STEPHANIE SHAKOFSKY, VICE PRESIDENT

HON. KIMBERLY BRANDON

HON. MICHAEL HARDEMAN

HON. ANN LAZARUS

**SAN FRANCISCO
PUBLIC LIBRARY**

**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING FEBRUARY 10, 2009

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:05 p.m. The following Commissioners were present: Rodney Fong, Stephanie Shakofsky, Kimberly Brandon and Ann Lazarus. Commissioner Hardeman arrived at 2:15 p.m.

2. APPROVAL OF MINUTES - January 13, 2009

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 2:06 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER.

- a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case; Information Item).

- San Francisco Pier 33 LLC v. City and County of San Francisco, Port of San Francisco, et al. (San Francisco Superior Court Case No. CGC-07-464954). City as Defendant

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

This session is closed to any non-City/Port representative.*

- a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties:
(1) San Francisco Giants, Wilson Meany Sullivan, Kenwood Investments, The Cordish Company, Stockbridge Capital, Farallon Capital Management, LLC
- b. Property: AB 0201, Lot 013 also known as Seawall Lot 351 (Washington Street at the Embarcadero)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: San Francisco Waterfront Partners, Simon Snellgrove

5. RECONVENE IN OPEN SESSION

At 3:25 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Shakofsky made a motion to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Shakofsky made a motion to not disclose any other information discussed in executive session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

- A. Executive Director's Report. Executive Director Moyer welcomed Meghan Wallace, Budget Analyst from the Mayor's Office; Bob Davis, Executive Director of the Entertainment Commission and our ILWU friends.

Executive Director Moyer reported the following:

- San Francisco Ocean Film Festival – February 19-22, 2009

The sixth annual San Francisco Ocean Film Festival will be on February 19 through the 22nd. Thirty films will be shown. We're pleased that the organization continues to focus on important maritime and oceanic issues here in the Bay and other places. Passes are available for purchase at their website for either \$60 each or a VIP pass for \$110.

- Best New Restaurant: La Mar Cebicheria Peruana

Good news for La Mar Cebicheria. The editors of 7 x 7 picked La Mar as the best new restaurant. Their write-up on the restaurant was very cheeky and very cute. It talked about how we, as San Franciscans, could ever conceive that an out-of-town restaurant not featuring Italian food, not a single noodle, could possibly be the best choice. La Mar is, in fact, the choice for the best new restaurant. She congratulated everyone involved in that effort, most especially SF Piers LLC. She can attest that every night when she walks by the restaurant, it is doing pretty good. The back deck is finally open so as we get into the spring and summer months, it will continue to be a very important destination restaurant.

- Illinois Street Intermodal Bridge Project – American Society of Civil Engineers (ASCE) Region 9 Bridge Project of the Year – February 24, 2009 Awards Dinner in Sacramento

The Illinois Street Bridge was selected by the American Society of Civil Engineers Region 9 as the best bridge project of the year. From 50 eligible projects they awarded several in the best categories for different types of structures, and the Port won the award for the best bridge project. On February 24, 2009, members of our engineering staff, the project architect, and the project engineer Creegan & DeAngelo, will attend an awards dinner in Sacramento. The bridge had to close for a couple of hours a weekend or so ago, and we were happily entertaining complaints to that effect. We are happy to know that she is a very popular and desirable bridge.

- Commendation for immediate Past President, Commissioner Kimberly Brandon

Ms. Moyer thanked immediate past president Commissioner Kimberly Brandon for her service, not just in the past year, but for what has proven to be many, many years of above-and-beyond dedication. Commissioner Brandon presided over a very big year for the Port. In 2008, the Port had two ballot measures, the first time in 30 years. We were successful, first for the park bonds, which is a great feat for the Port, and we finally got to be considered an entity worthy of city tax revenues, at least as it relates to

helping the Port create more open space for the city. With respect to Proposition D for Pier 70, the voters of the city needed to have a very large vision to understand the complexity of that measure and to embrace it as they did. That is in full part due to the leadership that Commissioner Brandon demonstrated, on the Port's behalf. She was very tireless in promoting the importance of those issues and many others.

We also had a very difficult budget negotiation during the year, as well as many other milestone decisions and policies put into place. On behalf of all of the Port staff, she thanked Commissioner Brandon for her service and for all of the hours she spent meeting with staff. We, and most of the people in this room, cannot possibly know how many hours the Port Commission President puts into all of our issues. Our new president and vice president are quickly finding that out as well. She can't imagine the numbers of emails, letters and phone calls they received from her and from everyone else. She thanked her for that and looks forward to working with her again on many more important issues throughout 2009, 2010 and beyond.

On behalf of the Port, Commission President Rodney Fong congratulated and presented Commissioner Brandon a plaque. It reads, "Kimberly Brandon, In appreciation for your leadership, dedication, and commitment as President of the San Francisco Port Commission, January 2008 to December 2008."

Commissioner Kimberly Brandon remarked that it is a surprise and an honor to receive the commendation. As Monique mentioned, 2008 was a great year for the Port, but it was also a very challenging year. She is so fortunate to be able to work with such great staff led by Director Moyer and her fellow Commissioners. She couldn't ask for a better relationship with her fellow Commissioners. They are a great team.

Brad Benson, Special Projects Manager, remarked that he enjoyed working with the Port Commission. It has been an honor to work with Commissioner Brandon over the past year on a broad range of projects such as Proposition D. He hopes that President Fong will give Port staff as long a leash in terms of proposing wild ideas for San Francisco voters. We all appreciate the vision of the Waterfront Land Use Plan. The southern waterfront did have mixed use development opportunity areas in terms of Pier 70 and the backlands. It's with the Commissioner's leadership that we started to look at the southern waterfront as more than just our maritime area of the Port, an area where we can create jobs and economic development opportunities, but also try and envision a beautiful area of the waterfront. It's that vision that we need to keep on hammering away. The SWL 337 project is an example of that. The development solicitation really crystallized under Commissioner Brandon's leadership at the commission level. On a couple of negotiations, he appreciated working with her on the construction materials recycling center in the backlands

and the Darling biodiesel proposal. It's been great to have a steady hand guiding staff through the process. He thanked Commissioner Brandon for that.

Corinne Woods echoed Brad Benson's comments. Commissioner Brandon's advocacy for the southern waterfront has been fantastic. The fact that she not only thought about jobs and master planning, but she also thought about beautification and ways to fund beautification. She also thought about ways to move projects forward and they've been fantastic and very much appreciated.

Commissioner Kimberly Brandon thanked Corinne, Brad and David for their comments and added that most of that could not have been done without Corinne, Brad or David Beaupre. They have been phenomenal.

David Beaupre, Planning and Development, thanked Commissioner Brandon for her leadership, primarily for the southern waterfront efforts that he participated in as it relates to the backlands, Pier 70, and the Blue Greenway. As Brad, Monique and Corinne mentioned, Commissioner Brandon's efforts in trying to improve the southern waterfront need to be recognized. Not only does Port staff and the community recognize it, but the bigger community outside the Port does as well. When he's in the community, he often hears about the respect that they have for Commissioner Brandon and the appreciation for the work that she does. He thanked her for all her efforts.

- Commendation for Claudia Davison on her retirement

Ms. Moyer indicated that our friend and colleague, Claudia Davison, is leaving the Port for greener pastures. Whatever she can see out of the windows in her small camper trailer after the big vast views of the Port, she has determined that small, remote, unpopulated is more attractive than the Port. She has retired effective the end of January. Claudia joined the Port in March of 1997. She has given the Port a tremendous legacy of property management and creative ideas. The Street Performers program is one of the most amazing feats that we've been able to achieve citywide. That is in large part due to Claudia. She will always be known to herself, Phil Matier and many others as the Blue Line lady. Hopefully her Blue Line will stay there for a long, long time. She's already starting to get angry emails from people when somebody has crossed the Blue Line. It has moved from being just a little bit of a joke to a very important management tool. We thank Claudia for that. Claudia's been gone now for two weeks and it's a little weird to see her dark office and not to have her smiley, friendly face wandering around the office giving us all good cheer and reminding us how much she loves the Port and how much she loves Fisherman's Wharf in particular. She never ever had a conversation with Claudia where it didn't come out that Fisherman's Wharf was the jewel of her career. She cared for it as she would her own child. We will always be

grateful to Claudia for that. We have very big shoes to fill. We wish her happy trails.

On behalf of the Commission, President Rodney Fong congratulated and presented Claudia with a plaque. It reads, "In appreciation, Claudia Davison, for 12 years of hard work, dedication, service from March 1997 to January 2009."

Commissioner Fong indicated that Monique touched on a couple of the very strong and difficult items that Claudia's been able to tackle at Fisherman's Wharf. The street performers program is being taken on citywide and looked at Union Square as well. The Port's been really a great model, and Claudia's creativity and persistence to see the job done has been nothing but great things for Fisherman's Wharf. He thanked her for that.

Claudia Davison indicated that she feels like she's in George Lu's shoes, but alive. Her father was born in San Francisco. When she was a little kid, they used to come down to the Wharf and they could rarely afford those 50 cent cocktails. In 1978, she found her way into property management and still loves it, each property being a unique blend of physical, legal, financial, and psychological factors. When any one of those goes awry, the property will fail in a very predictable way. What she especially loves is finding and implementing incremental changes to right a listing property. For the Port, achieving those goals is not for the faint of heart. It is most assuredly not a solo act. The people who spoke the kind words earlier are some of her heroes, people within the Port and its community who contribute their talent, experience, willingness, and ability to get jobs done. It takes a shared vision and multidisciplinary team to make progress. Work at the Port is important, complicated, challenging, and rewarding. She sincerely appreciates the experience and the commendation, and wishes everybody the best.

Bob Davis, Executive Director of the Entertainment Commission, commended President Fong and Claudia for their work on the street performers program. There was an international conference in San Francisco last November. One of the things that people commented on was the street performers program and how good it was. They received hundreds and hundreds of calls and emails. There are street performers from Holland who call and go online to reserve spaces to come and perform in San Francisco. There are people who email to find out where it is so that they can come and visit San Francisco and make sure that they go. This is a program that city attorneys worked on for years. Claudia was able to find a way, a great way. Any legislation requires hands-on management and creativity. Claudia brought that to the table and nurtured it. It is one of the best in the world. He thanked Claudia for all her efforts.

Susan Reynolds, deputy director of real estate, personally thanked Claudia for the support she's given her as the deputy director. Claudia gave 12 of her years to the Port and brought with her experience, a certified property management designation, a strong work ethic, and a pride of work product. As Claudia aptly puts it, it's not a job for the faint of heart. She filled the position with professionalism and tenacity. Whenever she received a complaint from tenants, it was not because Claudia was doing something wrong. It's because she was doing her job and it is a difficult job. Claudia always exhibited the utmost of professionalism. Some of her notable accomplishments other than the street performer program was the sidewalk and sign encroachment program, which is also another harrowing task, and the removal of the former sandwich shop in front of Pier 45, fondly remembered as Tate's. She thanked Claudia for her contribution to the Port, the real estate department, the neighborhood in a challenging work environment, and wished her well in her next chapter of her life, and looks forward to all the postcards we're going to receive from her as she travels across the country.

Tom Creedon, Scoma's Restaurant, indicated that he's happy to see Monique's still with us. He has participated with the community for a number of years and with a number of property managers. With all the nice things people say about Claudia, she has all the tact of a gorilla and finishes it up with a little laugh to polish it off. Claudia was never afraid to attack a problem. She would come to him and she had lots of insight into what should be and what hasn't been. He enjoyed all those conversations. Two years ago on a Good Friday, he noticed that Scoma's had a little bit of water in their driveway. They found out they had a failed sewer line. His first thought was he better tell Claudia before somebody else does. Immediately, Claudia was on the job, ordered some portable outhouses so that they could keep working. They weren't able to open the restaurant. At that time, the rest of Port staff and he can't name them all because they were all there. They came out in force to help them and make sure they stayed open. Claudia was standing out there with the rest of the group. It's kind of tough when you bat last and you want to talk about all the things that Claudia has taken on. He doesn't think that anyone realizes how big a deal it was to take on the street artists. One of our mentors for Fisherman's Wharf tried it and couldn't do it. Claudia identified the problem with the bus parking, which buses are so important to Fisherman's Wharf. Claudia just looked at it and said, "Why doesn't anybody think of this?" and then laughed. First of all, they will really miss Claudia, and second, he pities the world.

Katharine Arrow, senior property manager, indicated that she and Claudia have worked together for about two years. She is going to miss her the most. She's missing her already because she's trying to fill her shoes and those are big shoes to fill. She thanked Claudia for all your hard work and dedication to making Fisherman's Wharf a better place. She has done so much for the Port and its tenants but there are two achievements that

stand out. First is her legacy of the Fisherman's Wharf Street Performer Program which has enjoyed its first anniversary with great success. She set up a program that respects the performers, anticipates the needs of multiple stakeholders, and almost runs it itself. Recently, an events promoter approached her asking about the details and she pointed her to the Port's website where all of the documents can be found. She was looking at copying the program and selling her services to a municipality. So there may be some consulting work in her near future. People of all walks of life, and those who had seen several attempts to put together and implement a program go down in flames, have praised the program. The naysayers seem to have faded away with some of the bullies that made life performing on Jefferson Street difficult, if not impossible. Performers feel safer and appreciate being able to schedule their performances. This year Claudia was the project manager on the demolition of Tate's, a worn-down structure that caught on fire twice. Again, people said it couldn't be done, but her focus ensured that it happened on schedule and on budget. There wasn't a single complaint from the community, only support for the removal of this eyesore. Now, people can go to the front of Pier 45 and enjoy its historic façade and the view of Alcatraz behind it. We have ordered the benches and trashcans, and we hope to get them installed prior to the tourist season. We'll keep an eye on the Wharf for Claudia and we thank her for being such a conscientious manager all these years. We know that she will enjoy your retirement. She earned it.

Sidonie Sansom, Homeland Security Director of the Port, thanked Claudia for the work that she did, her unwavering commitment to safety and security at Fisherman's Wharf and throughout the Port. She and Katherine will definitely miss her come the Fourth of July and Fleet Week when they are working on the security plans. She will never pass one of the fire performers at Fisherman's Wharf without thinking of her and wishing that she were there to help her deal with it.

President Rodney Fong congratulated Claudia and wished her good luck. Ms. Moyer wished Claudia all the best.

- TWIC (Transportation Worker Identification Credential) Update

Sidonie Sansom, Homeland Security Director, indicated that February 28, 2009 is the compliance date for the Bay Area. As of that date, anyone requiring unescorted access to regulated facilities will have to have a TWIC card. The Port of San Francisco has regulated facilities ranging from cruise terminals to cargo terminals, ferry terminals, and excursion vessel terminals. The Port has 15 terminals in all. TWIC compliance has been phased in throughout the country starting on October 15, 2008 with New England. On December 30, 2008, the Port of San Diego went live. On April 14, 2009 April, L.A. Long Beach and Port Hueneme will go live. That's also the last date for compliance for facilities and vessels. On that same date, all merchant mariners must have TWIC.

There are two major components to the TWIC program. The TWIC card is a biometric credential. The standards for TWIC readers have not yet been set. The first part of the program, the TWIC card is the only part that is going into effect on the February 28, 2009. Until the readers are installed, the TWIC card will be used as a flash pass. The security officers will be inspecting the card to ensure that the photo matches the holder, the date has not expired, and they can see the holographic security features at the back of the card.

In preparation for TWIC compliance, the Port has purchased TWIC cards for approximately 155 Port employees that require unescorted access to regulated facilities. We've coordinated with TSA's contractor, Lockheed Martin, to bring TWIC enrollment to the Port. It was held at Pier 50 for about a month in 2008. We identified non-Port employees that were required to have routine access to Port facilities and notified their employers that they would need to get TWIC cards for those workers. We've developed contract language requiring companies which bid on Port contracts to provide workers with TWIC for regulated facilities.

We've reached out to tenants, terminal operators, and stakeholders regarding the TWIC program. She's in the process of putting finishing touches on a training program for all Port TWIC cardholders, and then for contractors. We've also offered this to terminal operators and tenants if they would like to either take the program and use it, make it their own, or send people to our training program.

Nationally, almost a million transportation workers have enrolled and nearly 700,000 TWIC cards have been issued. Regionally, over 35,000 transportation workers have enrolled, and 22,000 TWIC cards have been activated.

Ms. Sansom thanked President Fong for his leadership in requesting TWIC cards for Port Commissioners. This will help create a more resilient Port, one where the policymakers are fully involved in Port activities.

- Port of Melbourne, Australia: Ms. Moyer commented about the Port of Melbourne, Australia and the fires that are happening there. Port San Francisco is a sister port with Port of Melbourne. The fires are particularly devastating and are encroaching upon the city limits, or the outer limits of Melbourne. Thousands of people are affected. Peter Dailey has already been in communication with our colleagues at the Port and sent them our well wishes.

The Commission Secretary announced that Item 9b will be taken out of order and heard at approximately 4:15 p.m.

8. FINANCE AND ADMINISTRATION

A. Informational presentation regarding the status of the Port's implementation of the Recommendations from the City Controller's Audit of the Port's Purchasing and Inventory Processes.

Tom Carter, Deputy Director for Port Maintenance, provided the Commission an update on the Port's progress in implementing the recommendations from the controller's office audit.

In the summer of 2006, Port staff requested the controller's office to conduct an audit of the Port's maintenance division's purchasing and inventory practices. The controller's office issued their final report on March 7, 2008. At the March 11, 2008, Port Commission meeting, he and Peg Stevenson from the controller's office presented the findings from the controller's audit. The controller identified 56 recommendations to improve accountability over purchasing, receiving, and inventory functions. Port staff concurred with all the recommendations. We estimated that it would take up to three years to implement the recommendations, mostly due to the complexity of replacing the computerized maintenance management system. At the September 23, 2009 Port Commission meeting, he presented the first update on the controller's audit and our progress in implementing the recommendations. During the September 2008 to February 2009 time period, the purchasing committee, receiving and materials management committee, and payment committee completed the maintenance division's procurement process and procedures manual. Upon completion, they distributed and reviewed the process and procedures with the staff and then immediately implemented those procedures.

The receiving and materials management committee increased its efforts towards inventory controls. The committee focused on month-end physical accounts for physical materials at Pier 70 and Pier 90 where we have supplemental inventory lay-down areas for heavy timber. The committee commenced identification and segregation of surplus items for disposal.

The committee worked with maintenance shops on the evaluation of the shops inventories. The shops have submitted quantities in their inventory and also the value of that inventory, and have recommended in this year's budget funding putting increased covered storage at Pier 50 so that we can bring that Pier 90 and 70 inventory into Pier 50.

In the fiscal year 2009-2010 budget, the maintenance division transferred the positions of the senior storekeeper, the storekeeper, and the principal clerk to the finance and administration division which we feel is better aligned for those positions.

The Avantis replacement steering committee developed requirements for a new computerized maintenance management system. The Port brought on a

consultant to conduct an initial assessment to verify our requirements and to identify available vendor software packages that could satisfy the Port's requirements, to identify interfaces the Port will need to build between the new system and existing Port and city systems, to identify requirements to decommission the existing Avantix system, and to provide cost, time, and resource estimates to procure and implement a new maintenance management system.

The consultant completed the initial assessment in early January 2009. It includes funding for the implementation of a new computerized maintenance management system.

Port staff are collaborating with the Department of Public Works, and hopefully other city departments, to establish criteria for a common RFP for the computerized maintenance management system. The target date for issuing the RFP is April of 2009. A selection committee will establish a short list of finalists who will be invited to present their respective software programs for evaluation. We anticipate selecting a vendor in September 2009.

We will continue to focus on materials management improvements by purging obsolete surplus and salvage materials, by determining appropriate levels of inventory, and identifying inventory systems for the maintenance shops, and by implementing procedures to maintain accountability for unused materials purchased for capital projects. It should be noted that many of the inventory and accountability issues will be solved with the onset of the computerized maintenance management system, so we're counting on that to help us go forward and to help us finalize the recommendations.

Another objective that we will pursue is the global positioning system. The city has awarded a contract for GPS. In the next period, we will develop an implementation plan and make recommendations for the implementation of GPS on all our vehicles.

He acknowledged the hard work of the committee team leaders, John Woo from Finance, George Onyemem from Business Services, Dave Deasy from Maintenance, and Mark Langan from Information Technologies. He continues to be impressed with Port staff, how it has responded to the audit and the recommendations. The success that he's reporting is solely based on their sticking to their commitments and their involvement in the process and really owning it.

Port staff have substantially completed implementation of the recommendations from the controller's audit. We believe that it will take two more years until about March 2011 to fully implement all of their audit's recommendations, primarily, again, due to the computerized maintenance management system implementation.

We will keep you apprised of our progress through the standard procurement process as we move forward with procuring the computerized maintenance management system.

Commissioner Hardeman asked if DPW or other city agencies have a system that is very similar to what we want to do that the Port could just plug into. He asked if what we are doing is a creative approach.

Mr. Carter replied that it's not a creative approach and DPW does not have a system that we could plug into. They have a system that is not sophisticated. It's functional and delivers what they want. It's essentially a work-order management system where it keeps track of their costs in work orders. PUC has a system that's much more sophisticated which we're looking at. It's one of the vendors who submitted a bid. Rec and Park has a system but cannot recall the name of that system but it is more sophisticated than DPW. On our first, initial review of that system, it didn't seem to satisfy our needs. They are one of the vendors who submitted a bid. We're looking for something that will facilitate our needs and help us to be as productive as we can and track the cost.

B. Informational Presentation on the Port's Annual Operating Budget for Fiscal Year 2009-10.

Tina Olson, Deputy Director of Finance and Administration, indicated that there's not a lot going on with our operating budget, primarily because we are projecting that our revenues will decline as a result of the current economic situation the city and the country is in. We're projecting the decline by \$1.2 million. We based our revenue projection by primarily looking at what happened at the Port revenues after the 9/11 event. We are closely monitoring our current-year revenues. We are seeing some decline in the revenues as recently as January. If we see dips stronger than what we experienced after 9/11, we may be reducing our revenues further in the budget during the next couple of months.

The next big change in our budget is that our salary and fringe benefits are projected to increase by \$1.5 million, \$500,000 approximately of which is related to annualizing the salaries per the labor MOUs. Approximately another \$1 million is related to increased contribution to the city's retirement fund as a result of the city's retirement fund taking some hits from the recent economic downturns. So we're being hit both ways. Altogether, it's about a \$2.7 million between the revenue declines and the increases in salaries and fringe benefits.

We balanced the budget by cutting funding for professional services by \$468,000, primarily in Planning and Development and Finance Administration. We reduced our equipment budget by \$594,000. We're proposing to defer replacing trucks for one year. We're cutting annual projects by a total of \$134,000.

Our insurance premiums declined, so we got \$210,000 savings. The division of Real Estate is proposing to do less work for the Port next year on the holdover leasing project, a savings of \$196,000. We are not proposing any staffing changes to the Port's budget. We pretty much kept the city department COWCAP funding allocations the same as they were in fiscal year 2008-09. We're maintaining an operating reserve at 15 percent.

As Tom Carter noted, we have \$900,000 budgeted for the replacement of the maintenance management system. We have \$400,000 for corrosion protection of ferry terminal floats. We have about \$225,000 in total for various Homeland Security and emergency planning efforts, such as developing a Port continuity of operations plan, project management services to help implement state and federally funded security grant projects, and some emergency operations equipment.

The highlight of our budget is that we have \$4.5 million for debt service. We're going to be paying off our revenue bond this year. Included in our budget next year is the issuance of a revenue bond.

Commissioner Shakofsky asked if the additional million dollars for the city's retirement fund is to cover retired Port employees and not spread out through the entire city. Ms. Olson replied affirmatively and added that each department would pick up their percentage as it relates to their retired employees.

Commissioner Lazarus thanked Tina Olson for the usual good work on the budget presentation, both written and orally. It was easy to understand and she does a good job in pointing out the changes.

Commissioner Lazarus asked if we cut back the work of the Department of Real Estate, could that potentially impact revenues in that they're working on the holdover leases which then could get bumped up.

Ms. Olson replied that what we anticipated was we'd have the person who's working full time this whole year continue and then that person would work full time for the first six months of next year and then part-time for the subsequent six months. The thought was they would work their way through this list, and it would be a smaller workload. So we're hopeful that that's not going to happen.

Commissioner Lazarus indicated that it's not necessarily a tradeoff for revenues. Ms. Olson concurred.

C. Informational Presentation on the Port's Proposed \$21 Million Capital Project Budget Funding for Fiscal Year 2009-10.

Ms. Olson indicated that we have approximately \$7.5 million in operating funds. Those were the savings and additional revenues that we earned in FY 2007-08 year.

The capital project budget that staff is proposing for FY 2009-10 includes: (1) \$2.5 million for dredging; (2) \$1.1 million for various pier repair projects, apron repairs at Piers 19, 26, 28, and 50; (3) \$500,000 for fire protection, utility mapping, and replacing the HVA system at Roundhouse 2; (4) \$250,000 for Pier 35 to put restrooms in the entrance area; (5) \$420,000 to construct the covered materials structure at Pier 50; (6) \$400,000 for Pier 80 crane painting and upgrade to prevent deterioration, required by Cal/OSHA.

As the Commission might remember, we received a federal earmark for the Illinois Street Bridge project. It was initially a \$4 million earmark. It was reduced to \$3.2 million and then they allocated it over five years. So we got one-fifth the first year, one-fifth the second year, one-fifth the third, one-fifth the fourth year, one-fifth the fifth year, provided that there was enough federal appropriations to back those appropriations. This summer, we learned that the fourth-year allocation had been cut. We learned a couple months ago that the fifth-year allocation had also been cut. So our earmark was reduced by \$650,000 for the Illinois Street Bridge project. We had a \$4 million earmark that got reduced to \$2.6 million.

We are also appropriating the next bond issuance for the GO bonds that's going to take place next fall rather than do a supplemental appropriation at that time which takes a lot of staff time and energy. We're including it in the budget proposal - the construction dollars for Brannan Street Wharf, bayfront park, Pier 43½ and the design dollars for the remaining Blue Greenway project.

David Beaupre is going to explain the planning process that they're kicking off. We're hoping some project definition comes out of that, and then we can initiate the design phase for the Blue Greenway projects. There's going to be a third bond sale in a couple years, and that would be the construction dollars for the Blue Greenway projects that were in the GO bond.

D. Informational Presentation regarding the FY 2009-18 update to the Port's 10-Year Capital Plan.

Tina Olson, Deputy Director of Finance and Administration, indicated that there isn't a lot of changes in the capital plan this year. The proposed 10-year capital plan identifies a total need of approximately \$2 billion for deferred maintenance and seismic upgrade work required on Port facilities. It is approximately \$140 million greater than the \$1.86 billion identified in the Port's FY 2008-2009 10-year Capital Plan. This increase is primarily the result of the 6% annual cost escalation used by the City and incorporated in this plan.

Of the total \$2 billion in total need, the Port has identified a total of \$650 million in funding including: \$71 million in Port tenant obligations, \$104.9 million in Port's operating budget, \$164 million in Port revenue bonds, \$75.8 million in development projects, \$205 million in Infrastructure Financing District bonds and \$29.6 million in General Obligation Bonds.

Funding from the development projects is approximately \$75.8 million. It's the Exploratorium's contribution to the repair and seismic upgrade of Piers 15 and 17, not the build-out and improvements that they're making.

The proposed \$650 million in funding over the next ten years is \$154 million less than the \$804 million proposed in the Port's FY 2008-09 10-year capital plan. The \$154 million difference is due to the developer withdrawing from the Piers 27-31 project thus leaving the repair and seismic upgrade work unfunded for Piers 29 and 31. The Port intends to repair and upgrade Pier 27 to reuse it as its primary cruise terminal. Pier 48 is included in the Seawall Lot 337 development and it is funded. Included in the revenue bond proposal is the funding for the infrastructure improvements in the backlands to accommodate the additional leasing activities for the eco-industrial park proposal. It would take approximately \$8 million of Port revenue bond funds to do the backlands improvements.

A Port interdivisional group was established to determine what projects can go forward, what projects are going to result in additional revenues for the Port and what projects are going to address a critical public safety issue. The group came up with a list of \$99 million in projects.

Ms. Olson noted that this is a planning document. We're in the engineering and planning phase, so some of the cost estimates are approximate and subject to change, as well as the priorities provided by the Commission, the Mayor's office, and the Board of Supervisors.

The top project that came out of the planning process was Pier 19 or 23. It would be a project similar to Pier 1 and Pier 9 where the Port will invest the money and the developer will do the substructure repairs and seismic upgrades and bring in tenants for 10-15 year leases to do the build-outs inside. We project that will bring in about \$2.5 million. For Pier 33, it would take about \$2 million investment to build out the mezzanine for additional leasing that we currently can't do at that site.

Port staff propose to allocate \$20 million in revenue bond proceeds for the cruise terminal project.

Port staff also propose to allocate \$20 million in revenue bond funds to seismically upgrade and repair the areas of Pier 50's substructure in the worse condition.

The economic benefits of the Port Revenue Bond would be \$1 million new tax revenue to the General Fund, \$6.1 million new annual Port revenue, 877 new permanent jobs, 598 construction jobs and one-time general fund tax revenue of approximately \$552,000. If the Port utilizes the Department of Public Works to help implement the projects, about \$10.2 million would be directed to them. If we get the lease revenues associated with the Seawall 337 project, state legislation dictates that they have to be used towards historic preservation projects such as Pier 19 or 23, Pier 9 and Pier 33 or 35.

The Pier 70 IFD Bond is projected at \$200 million for the public spaces, environmental remediation and open space.

The Pier 43 Bay Trail, Brannan Street Wharf, Blue Greenway projects are included in the proposed General Obligation Bond Waterfront Open Space Projects.

On the assumption that most people think the Commission do not read all the reports, Commissioner Lazarus read an excerpt from the report which is very telling about where we are. "In 2006, the Port's Capital Plan seemed like (at best) a decades-long partial solution to a waterfront problem that developed over decades or (at worst) an exercise in futility. It now appears that the Port is poised to pursue dramatic new open space improvements and new strategies to preserve historic piers and buildings over the next 10 years. The Port needs the continued support of the City's elected family to enact some of the financing strategies described in the Port's 10-year Capital Plan. While these changes may be difficult to achieve, Port staff are energized to pursue these and other solutions that will eliminate waterfront blight and create a 21st-century waterfront."

Commissioner Lazarus remarked that, as a Commissioner, they support Port staff and endorse all the proposed approaches.

Commissioner Fong thanked Ms. Olson for her great work.

The Commission Secretary announced that Item 9b will be taken out of order and heard at 4:15 p.m.

9. PLANNING & DEVELOPMENT

A. Informational presentation on commencement of Blue Greenway Planning Process.

David Beaupre, Planning & Development, indicated that he will provide the Commission a presentation about the upcoming planning process for the Blue Greenway. He will briefly cover the history of the Blue Greenway, the community planning process, the work programming, and some of the funding mechanisms. He introduced Astrid Haryati, Director of Greening from the Mayor's Office, who's here to demonstrate her support for the project; Isabel

Wade from the Neighborhood Parks Council who worked with Port staff to further the Blue Greenway and help improve the work program and Maureen Gaffney from the Association of Bay Area Governments/Bay Trail who's a partner in the Blue Greenway process as well.

The Blue Greenway is San Francisco's effort to improve the city's southern portion of the 500-mile, 9-county, regionwide Bay Trail established by SB 100, and is managed again by the Association of Bay Area Governments. SPUR and the Neighborhood Parks Council initiated the Blue Greenway effort in an effort to coordinate the various city agencies and state agencies on improving the southern waterfronts portion of the Bay Trail, from Mission Creek China Basin to the county line on the south.

In 2006, Mayor Newsom initiated a Blue Greenway task force where some improvements and a concept came out of that program. Working with the general obligation bond steering committee, it was identified that the Port would utilize some of the Prop A GO bond funds to implement elements of the Blue Greenway.

Mr. Beaupre showed a slide articulates the difference between the Bay Trail, which is a trail alignment along the waterfront and what the Blue Greenway is. The vision statement was the end product, along with the document from the Mayor's task force. It states, "The Blue Greenway is more than a trail. It is a unifying identity for a 13-mile corridor along San Francisco's southeastern waterfront. The Blue Greenway will link, establish open spaces, create new recreational opportunities and green infrastructure, provide public access through the implementation of the San Francisco Bay Trail, the San Francisco Bay Area Water Trail, the Blue part of Blue Greenway, and green corridors to surrounding neighborhoods, install public art, interpretive elements, support stewardship and advocate for waterfront access as an element of all the planning and development processes over time."

That was demonstrated in the Seawall Lot 337 presentation where the northern gateway of the Blue Greenway was identified and included in the proposal. This defines what we believe is the end product of the Blue Greenway design guidelines. We want to define the open-space opportunities, including the programming, so where and how are the parks could be used along the entire Blue Greenway, develop design guidelines to provide continuity and cohesiveness throughout the system of open spaces and connections between them, so not only the open spaces, but the connections between them, whether it's along the waterfront or on the roadways such as Illinois Street, 24th Street, and Cargo Way, and then, develop budget prioritization for the improvements based upon the availability of funds.

We have identified approximately \$20 million from the general obligation bond proceeds to go to the Blue Greenway. A very rough estimate of improvements just on Port property is probably in excess of \$100 million. We need to identify

where those \$20 million will go and how we'll prioritize the projects. We've developed a six-phase community planning work program that the Port will lead with assistance from the Department of Public Works Bureau of Landscape Architects and consultants as required. We'll be coming back to the Commission for multiple updates and direction. We want to utilize the existing citizen advisory committee groups along the Blue Greenway as much as possible rather than create a whole other level of citizen advisory group to oversee most of the planning such as the representatives from the Port's Southern Waterfront Advisory Committee, Central Waterfront Advisory Committee, Maritime Commerce Advisory Committee, the Bayview Hunter's Point Project Area Committee, the Hunter's Point Shipyard CAC, the Mission Bay CAC, the Neighborhood Parks Council, Bay Access representatives, SPUR, Bicycle Coalition, etc. Again, utilize as much of that existing organization that's in place so we don't duplicate it, at the same time, bring together a steering committee that has representatives from each of those committees to come to Blue Greenway-specific meetings where we'll need more time to talk about the broad range of issues that affect the entire Blue Greenway.

We also want to develop an interagency working group (as noted in the staff report) for technical assistance, planning coordination and support but also to make certain that we develop a plan that can be implemented, since the Blue Greenway crosses a number of different jurisdictions, both geographically and physically, including Department of Public Works, Recreation and Parks, the Redevelopment Agency, State Lands, and the Mayor's office. We will conduct Greenway-specific meetings at points in the work program where areawide decisions or direction are required.

The scope of work and schedule are as follows:

Phase 1 - Project Initiation which will start today through March. This phase will include establishing the community steering committee, confirming the interagency working group, and review and refine of the proposed work program. All of that outreach will be done through the existing citizen advisory committees that are in place.

Phase 2 - Existing Conditions, Opportunities and Constraints, Best practices and Programming Considerations. This phase will be the foundation of the planning effort. It will include the preparation of a document for public discussion and review. The second half of this phase will be to refine program use options and to present them for review and comment through a community workshop specifically for the Blue Greenway. The results of this phase will be presented to the Port Commission.

Phase 3 - Alternative Design Guidelines. This phase will be used to develop alternative design concepts for improvements including site furnishings, lighting and identity, interpretation and public art, and refine the programming options that were discussed in the previous phase of the work. This will be

conducted through the Blue Greenway-specific community meetings and provide an update to the Port Commission.

He showed a slide that demonstrates the range of types of improvements that could occur. The Association of Bay Area Governments has waterfront park signs, BCDC has waterfront park signs, the Port has waterfront park signs. The Port and Rec and Park have theirs. One of the ideas is to develop some continuity along the system so that you know that you're on a system of open spaces, a necklace of open spaces.

Phase 4 – Develop Cost Estimates and Project Prioritization. This phase of work will include the development of order of magnitude cost estimates to help determine feasibility of improvements and to help determine the project prioritization. This phase will recommend project priorities that maximize the use of available funds and may suggest methods of using existing funds to leverage additional funds to maximize opportunities. Community outreach for this phase will be through existing CACs and other forums.

Phase 5 - Draft Design Guidelines, Programming and Prioritization Concepts. This phase will prepare a draft document of the work completed to date and include revisions to programming options, design guidelines and project prioritization based upon the Port Commission and community's input. This document will be presented for review through a Blue Greenway specific community workshop and to the Port Commission.

Phase 6 – Final Design Guidelines, Programming Concepts, Cost Estimates and Project Prioritization. This phase of work will be to finalize the Blue Greenway Planning and Design Guidelines based upon the community planning process. The document will be utilized by the Port and other agencies to guide the implementation of the Blue Greenway. The Port will begin the necessary steps to implement specific projects as identified. At that point in time, we'll begin to initiate the implementation which is creating the construction drawings and moving into construction, as part of the capital planning project.

The Port has identified through its Capital Plan a series of potential funding mechanisms that could be utilized to finance portions of the Blue Greenway: Prop A GO bond funds as well as Port operating funds, Port development projects, the Parks bonds, grants, transportation funds, BCDC mitigation funds that were set aside for Islais Creek improvements and funds set aside from the Trans Bay Cable project that could go to both open space and energy efficiency improvements.

Next Steps: Port staff will initiate the community outreach and establish a time for all future meetings, finalize the scope and MOU with DPW so we can begin the work immediately, identify the necessary consultant assistance and retain them, and establish a community steering committee and finalize the commitments from the interagency working group.

We want the design guidelines to apply to all of the Port property and non-Port property from China Basin all the way to the county line. The actual improvements that go in the ground will just be along Port property. We're developing the interagency working group to make certain that the plans and concepts we come up with will get applied throughout the system.

Astrid Haryati, on behalf of the Mayor's Office, as Greening Director, she expressed the support for this planning process, especially to underline the exemplary nature of the Port taking the lead on this project in connection to Mayor Newsom's mandate in regards to taking a look at the future of our open space. In late 2007, Mayor Newsom instigated or kicked off the Mayor's Open Space Task Force effort which had been convening for one year and is currently in the middle of its community outreach effort. This significant conversation about balancing appropriate equity between quality and quantity is very significant. One aspect that has been talked about is our connection to the waterfront, east, west, and obviously on all sides. These can definitely leverage our effort on that part. As Blue Greenway is not only a trail, this planning process is not just a planning exercise. The Mayor's Open Space Task Force will produce real product which is going to update a general plan of recreation open space element very soon. It will also have an attachment of an action plan which will articulate our accountability in making things happen in real time. This effort and this product is going to be attached to that, and you can be very proud in terms of your leadership and everyone's leadership in the Port along with interagency working group to make things happen on this site. This will be leveraged by our partner on the west side of the city, because Ocean Beach Vision Council will still be working on equally important visioning process to make sure that Ocean Beach actually improves physically and also in terms of its experiences. She thanked the Commission for their support and looks forward to working with staff in this effort.

Corinne Woods indicated that she wears so many hats it's not even funny. First of all, she thanked Isabel Wade and the Neighborhood Parks Council, along with SPUR and Port staff, moved this forward and kept it moving. It's a very important project. They're grateful that they got the Prop A money to start working with it and are going to need more. They're very excited that the Mayor's Office and the interagency working group are going to be coming together on this because there's so many different jurisdictions. There's so many different ideas of what should happen in different sections of the waterfront that having a coherent vision is really going to be a very important piece.

Paul Nixon, Bay Access and the Human-Powered Bay Area Water Trail, thanked Dave Beaupre for all the work he's done in achieving this water trail for human-powered boats and the Blue Greenway, and Isabel for bringing along the whole concept of the Blue Greenway to such great progress. He also thanked Ted Choi of City Kayak and then Kayaks Unlimited who have finally been able to establish a kayak place at Islais Creek. The water trail began as a concept at the ramp of four male San Franciscans drinking beer.

They got the idea of a water trail, and nothing much happened until a woman joined them and then, it started moving. The water trail, the Blue Greenway, connects all the way from Candlestick Park to India Basin. There is a beach at India Basin. They borrowed a backhoe from Rec and Park for half a day to move one big boulder so the whale boats can land there. There is also a beach at Islais Creek. Southern waterfront will have a lot more access to the water for small boats in the future than the northern waterfront does. We don't have the big things like Aquatic Park and Crissy Field, but there are all sorts of small places that are available, that are easy to take advantage of. Right now, we have Candlestick, India Basin, Islais Creek, Pier 52, and Mission Creek. Those are all places where small craft can put in. They are looking forward to something along Water Cove, Pier 66, 70, and the Brannan Street Wharf. The Port is to be congratulated for taking consideration of all these places as good sites to connect on the water in the southern waterfront so we have the real blue in the Blue Greenway.

Maureen Gaffney, San Francisco Bay Trail Project, indicated that sometimes when you hear that somebody's proposing to do a plan, or when some people hear there's going to be a plan, and there's going to be a document, you're thinking, "Oh, God, another plan or a document." This is really, really key and really important. In one of David's slides was the Oakland Waterfront Trail planning effort that they did. They are still relying on that. The city developers use it to implement projects that have a cohesive look and feel to them in the Bay Trail. She only wishes that more jurisdictions around the nine counties and 47 cities that the Bay Trail passes through were doing comprehensive planning like this to develop guidelines to have it really be a cohesive and great experience. They are happy for Neighborhood Parks Council's work on this, and that they're implementing the blue in the Blue Greenway. That's a great opportunity. She looks forward to participating in this process and it's a really great way to move this forward. When it comes time to implement some of these projects, she hopes that the Bay Trail will be able to offer grant assistance. They are currently under a freeze, so everything's on hold now but she hopes that won't be the case for too much longer, and hopes to be able to provide assistance.

Isabel Wade indicated that this is an exciting day for the Blue Greenway. First, starting with the presentation of the Seawall Lot 337, which will be one of the headways to the Blue Greenway, the open space incorporated in that project is very exciting. She echoed Corinne's comments and emphasized that it would be great to have the open space first, not just because it's a good idea, but because other cities have found this actually helps drive the development to a project site. Given the economy, this may be a smart way to move. She complimented David for an excellent project planning effort to get the design guidelines going for the Blue Greenway. This is going to be an important step. It's also an important step that there's a multi-agency working group being created. SPUR and the Neighborhood Parks Council realized five years ago when they did the first waterfront workshop, that there isn't much multi-agency coordination going on down here. This is going to be a good

working group in general for Port projects. The idea of using all of the CACs is very good. There is a difference between community participation as advisors and community partnership. It's appropriate that we start thinking about what our community partnership opportunities are for the Blue Greenway Trail. David mentioned that there's approximately \$20 million or so of funds available for the Blue Greenway Trail and about \$100 million of estimated costs. There's a big gap there. A community partner can make a big difference in that regard so that's something to think about. There are also other aspects of the project that may be political, that may relate to long-term maintenance, that it's another reason to think about community partners. She's excited that this is starting this month. She looks forward to participating.

Mike Bishop, representing Hanson Aggregates - a Port tenant at Pier 94 and Pier 96, a SWAC member, and an avid sailor, indicated that he's advocating keeping the waterfront a working waterfront in San Francisco, Oakland, Martinez, Petaluma, and Napa, where bay trails, pathways, etc, are actually cutting off industry from the waterfront. He manages operations where they bring material in over the waterfront, eliminating hundreds of thousands of truck trips around the Bay area by being able to do this. Not that he doesn't support trails and access around the Bay and to the Bay, but to make sure that industry is not left out of these decisions. This trail runs past the Pier 94 operation, which brings in about a million tons of aggregates directly into San Francisco, eliminating 40,000 truck trips a year into San Francisco. At the Pier 92 site, they bring sand in directly, the majority of which is used in San Francisco, and eliminates about 20,000 truck trips into San Francisco. They are a large supporter of the wetlands between Pier 94 and Pier 92. As the trail goes on, he asked that people be aware with the developments at the shipyards at Pier 70 and the new development at Seawall 337. His big concern is West Star at Pier 50, one of their vendors, and all the other ship husbandry services that goes on at Pier 50, and making sure that we keep our eye on those industries that are under the public trust. He's not here to oppose the trail at all but to keep the industry in the forefront and the water access is important to the industry as well.

Ted Choi, City Kayak, indicated that he came from South Korea about 20 years ago. When he came to San Francisco, he couldn't find much water access except at the Aquatic Park and Islais Creek. There were no water access along the waterfront, where the beautiful places are, downtown, the Embarcadero, the Ferry Building, etc. It did not surprise him when people say San Francisco is a great beautiful waterfront, but not a great place for kayaking or human-powered boats. It's only good for sailing and power boats. This kind of activities and the plans moving forward sets a vision for the next generation. People will say, "San Francisco's southern waterfront is a natural place for kayaking and human-powered boating and all that." It will set a great example. He supports moving forward with this plan.

Ruth Gravanis, a San Francisco resident, homeowner and taxpayer, indicated that she's very excited about the Bay Trail and Blue Greenway moving forward. She especially want to acknowledge Isabel Wade and Corinne Woods as well as Maureen Gaffney and David Beaupre. She also acknowledged Mike Bishop and other people who we don't hear so much about for their contribution to the Pier 94 Wetlands Restoration efforts that have been going on for some time now under the leadership of the Golden Gate Audubon Society. She's working very closely with the Port, with Carol Bach and other people. Some of us have been going down to the southern waterfront for many, many years. She was on an advisory board for Candlestick Point State Recreation Area a long time ago. She used to go down and visit Pier 98 long before anyone started calling it Heron's Head Park, visiting Pier 94 wetlands before anybody else knew where they were or what they were. The water itself and the shoreline itself have always been a huge draw for many people, many people from the southeast community who would go fishing in those areas. Unfortunately, you'd see a lot of beer cans and fish hooks and fishing line, but people took advantage of the water for water-related recreation and for enjoyment. When she worked at Save the Bay, she organized a lot of cleanup projects at India Basin for Coastal Cleanup Day and also have been doing bike trips and field trips for the California Native Plant Society and the Audubon Society. The shoreline itself is a big draw. She's not in any way opposed to all the wonderful improvements, the art and the sculpture but let's not forget that the wildlife that is there is one of the biggest draws and has been for many years for many people. Literacy for Environmental Justice has been taking advantage of this. Another group has been leading field trips at Pier 94. We need to be somewhat cautious along the lines of things that Mike had said to make sure that we don't in any way interfere with industrial uses which are water-related and have the right to be there. We also need to be very careful that we don't interfere with the wildlife that many people come to see and that we don't love to death the shoreline by putting uses there that could drive away some of the natural beauty that many people come to see. She would really like to see a lot more emphasis on incorporating natural ecosystem restoration and respect for existing wildlife into the process. She is, however, very excited about this project moving forward.

Toby Levine, co-chair of the Central Waterfront Advisory Group, indicated that this is the day when we all agree with each other all day long. But I would like to mention the gentleman from Hanson Aggregate. She's glad to hear that he's involved with SWAC. That's a good thing, because his issues can certainly be surfaced there. She assured him and anybody else who's involved with industrial activities along the waterfront that are appropriate for the waterfront that the CWAG has always supported in every way that they can those kinds of activities and will certainly continue to do so. By the same token, she agreed with Ruth and her comments about being sensitive to the animal and birdlife. We have to be sensitive to the two-legged animals and the flying animals and the other creatures as we move forward on the Blue Greenway. We need to watch out and be supportive of the industrial activities.

Commissioner Ann Lazarus asked if Port staff have identified the representatives from the other departments that will be part of the interagency groups.

David Beaupre replied that for the most part he has made contact with just about all. There's one or two that will be receiving calls from him within the coming weeks but of all those that he has spoken with, they're enthusiastic and excited about working with the Port in this endeavor.

Commissioner Lazarus asked if the Port is aiming for some kind of uniform signage, whatever it is that may supersede local and other jurisdictions that was discussed earlier or is it going to be determined at some point.

David Beaupre replied that it would be a little bit of both. Ideally, it would be great if there was some element along the entire system that tied everything together that could come in many forms. It could be through signage. It could be in the form of interpretation. It could even be in the form of public art, which could include the prior two. Since it does cross multiple jurisdictions and agencies, and since a lot of Mission Bay has already been developed, which includes portions of Blue Greenway, he's hopeful that we can draw from the work that was done in Mission Bay, draw from the work that's being done at the shipyard, and see if we can find something that works along the entire system.

Commissioner Kimberly Brandon commented that this is a very exciting project. It's great to see so many agencies working together and so many departments within the Port working together. It seems like the whole Planning Department, along with David, is working on this project. She thanked Byron, Diane, Dan, David, especially Brad, and even Tina and Monique for the park funds as well as Ruth and Isabel. There are so many people to thank. It's a wonderful project to be able to link existing and proposed open space along the entire waterfront.

B. Informational Presentation by Port Staff and the Potential Developer for the 16 Acre Mixed Use Development Opportunity at Seawall Lot 337 (includes AB 8719, Lot 002; AB 9900, Lot 62; AB 9900, Lot 048; and AB 9900, Lot 048H; all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street and Third Street)

Phil Williamson, Port Project Manager, indicated that this is an informational presentation on Seawall Lot 337 mixed-use development opportunity. The potential development team will present an overview of their development concept.

On October 23, 2007, the Commission authorized staff to issue a request for qualifications for the development of Seawall Lot 337 based on objectives and criteria developed through a community planning process. Four teams submitted timely, complete, and responsive development concepts.

The Commission also authorized the Port's Executive Director to convene a Seawall Lot 337 advisory panel representing planning, environmental, economic, urban design and architecture, neighborhood and citywide interests and expertise to review respondent development concepts.

On April 22, 2008, the Port Commission approved the advisory panel's recommendation to invite two of the development teams to respond to a request for proposals. The Commission also authorized issuance of that RFP with revised objectives and criteria.

On August 19, 2008, the two development teams invited to respond to the RFP informed the Port of their intention to combine into a single development entity. The combined developer team requested, and was granted, four extensions of the submittal deadline to the RFP. On January 15, 2009, the Port received an RFP submittal from the combined team comprised of the following partners: San Francisco Giants, Wilson Meany Sullivan, Kenwood Investments, the Cordish Company, Stockbridge Capital, and Farallon Capital Management, LLC.

Today, the team will present its development concept for Seawall Lot 337 which has been posted on our website as well. In order to provide additional opportunity for public comment beyond today, the development team will also present its proposal at a public workshop to be held March 18 at 5 p.m. at the Prologis Exhibit Hall in the Mission Bay neighborhood.

The development proposal will also be reviewed and discussed by the Central Waterfront Advisory Group (CWAG) at their March 2009 meeting. The Port is also seeking public comment on our website on a continuing basis. The development proposal will undergo review by the Seawall Lot 337 Advisory Panel, many members of which are here today to witness and view the presentation, with assistance from Port staff, city support staff, and independent consultants. The results of the Advisory Panel evaluation, and a summary of the public comment received, will be presented to the Port Commission at a forthcoming meeting for consideration prior to making a decision on the developer selection.

Darius Anderson, Kenwood Investments, indicated that when they started this process, they were the outsiders and had a long shot. Through the first step, they learned a tremendous amount, and realized through that process that in the collaboration with the Giants, Cordish and Farallon that there would be tremendous synergies and benefits to the Port.

They started several meetings that occurred between them and the Giants. They took the best of both plans, as well as the best that the management teams had to offer, and they will be showing the vision of the combined team.

The six entities represent the best and the brightest in San Francisco and across the country. Many of the things that were said, they heard. They've

tried to go ahead and put together a proposal that addressed not only the Port's concerns, but when they attended the Advisory Board and hearings, they learned a tremendous amount of what the community wanted, and tried to address them.

There were originally three members from his team – Kenwood, Wilson Meany and Boston Properties. Boston Properties decided to pull out. They then brought in StockBridge, which is their capital partner with Wilson Meany. Tom Sullivan, the partner from Wilson Meany, will be presenting part of their plan.

Tom Sullivan indicated that they are here today to look forward, forward to a time when the economy is back on its feet, and forward to what will be a time of opportunity for the Port and for Seawall 337. They have the opportunity to design a ballpark district, a new neighborhood that takes advantage of its unique features, the baseball park and the activity it generates in the beautiful waterfront setting.

The site represents future opportunity for jobs and housing for the citizens of San Francisco, and it represents opportunity for future economic returns to the city and to the Port. They believe that the way to take advantage of these future opportunities is to begin taking the steps toward them now so that you're ready before they arrive.

The potential of Seawall 337 does need to be viewed through the lens of the reality on the ground today. It's an unimproved site with poor geotechnical conditions, no infrastructure, no distribution of utilities. Pier 48, while it's in better shape than some other piers, does suffer from deterioration. The physical condition of this site, and the cost, time, and uncertainty involved in the environmental review process means that a significant amount of high-risk capital must be attracted to make development a reality.

They've submitted a proposal that they will present to you today as a roadmap toward that reality. It's a starting point, and they recognize that at this stage there are still many more questions than answers. For example, it hasn't yet been established what level of density is appropriate. Although they've done a great deal of work to this point, there's still much more that must be done to resolve uncertainties and unknowns on many fronts, including things such as infrastructure costs, geotechnical conditions, soil contamination, perimeter retention measures, and the scope and detail of the public open space program.

The best answers to these questions come only through the commitment of the magnitude of time, energy, creativity, and capital that's necessary for any project of this scope and complexity, and through the active constructive participation of the Port and the community.

What they believe is essential at this point at the outset of the process is that both their development and the Port recognize that the way to make this process and ultimately the end result, namely the entitlement and development of the site, successful is to understand that the effort must be undertaken truly as a partnership, a joint venture of their group and the Port, in mindset, economic structure, and in practice.

From the private side, they bring a very talented team, a willingness to commit their time to this effort rather than some other opportunity in some other place, and the risk capital that will fund the entitlement process. On the public side, they will need the Port to bring its public financing toolkit, the commitment to work with them as they seek the best way to balance competing objectives on the site, and the understanding that the only exercise that will be ultimately productive is one that explicitly acknowledges that the business proposition has to make economic sense.

Finally, it's essential that the deal be structured with an alignment of interests. This means that they will work together to get the project defined and ready. They will make it flexible enough to adapt to future market conditions that are at this point unknowable. They will wait out the market. They will be ready to be highly responsive when the market is there. It also means that our economic fortunes should be linked. They are patient as the market may require, probably will. When the opportunity is there, we will profit together.

They think this site has fantastic potential. It is a remarkable piece of property. The Port has a great opportunity in front of it, and they certainly hope that the Port share their enthusiasm for it. They can't affect how and when the economy will recover, or when the market will need the space that they envision for this site. What they can affect is whether the site is ready to participate and reap the rewards when that time does come, as it will. They look forward to working with the Port staff and the Commission to make it a reality.

Karen Alschuler, SMWM/Perkins & Will Beyer Blinder Belle, indicated that Tom outlined the opportunities and the challenges ahead. They stand ready to meet them and have begun with a set of principles and first concepts for the site which Mary Margaret and she will highlight, focusing on the foundations of their plan, the principles that guide them, and the evolution of the plan since they last talked and learned a lot from everybody in 2008.

Their plan is rooted in the history of the site. They're inspired by the life and activity that was there at one time on this site, and in particular by the transformation that the site went through most dramatically, turning from Bay to land, and to an economic generator for the city, an economic engine of commerce and exchange. They were inspired by the pattern of development that was on the site, in particular the power of the trains coming in and that north-south organization of the site linking the City to the Bay, to the region, and to the world, as they would like to do in a sense of this century.

They therefore respect the landmarks that embrace this site, Pier 48, the Lefty O'Doul Bridge and the ballpark itself. They will lay a pattern on the site, which means that everyone enjoying the streets and blocks and walking through will have framed views and be encouraged to relate to the landmarks beyond, whether on Channel Street looking across the Bay or looking north to the Bay Bridge, McCovey Cove, and other landmarks in the city.

As a result, they present a plan which is rooted in the principles they've agreed to, which were discussed in the open meetings with the community and the special panel, a set of principles which focus on open access, on invitation, mix and diversity of uses, as well as users who are invited to the site, a lively day-and-night urban life. The principle of engaging the edge is taken very seriously, bringing people to enjoy and understand the importance of the edge throughout the site. They also reach deep into the heart of the site with open space that becomes not just a destination but the glue that ties the various uses together.

They've gone the extra mile and envisioned one last piece of transit that might actually come onto the site, with the possibility, a proposal to bring the E-line through the historic trolley, which could extend through, make a turnaround at Pier 48 as its destination, and therefore link it to the regional system very powerfully. They assured the Port Commission that through their plan and program Pier 48 will be an integral part of this project and very important to its completion and its life.

The result is a vision, the beginnings of their thinkings about this plan of walkable blocks, of consistent north-south orientation as there was historically on this site for buildings and blocks, that reinforces the historical form on the site that provides sunny streets and light-filled public spaces and gardens on the site, and that has a fine-grained urban character.

Looking at the drawing, you can see the primarily residential area to the north with low- and mid-rise buildings over retail on each of the blocks, and then, a few finely-scaled higher buildings that forms a crescent and step down toward the water. Further back into this drawing, you can see the beginnings of the very important office program that takes up the southern part of the site and gives a great new edge to 3rd Street, a sense of a great street character for 3rd Street in that location. It's a plan for San Francisco of its time and this place.

Mary Margaret Jones, Hargreaves, indicated that the open space on the site is not just an amenity for this new neighborhood but it is also a part of a network of open spaces. Therefore, it must connect to the open spaces built to the north on the waterfront, to those built to the south, and those built and yet to be built within Mission Bay. It becomes part of this necklace of green spaces around the Bay edge, not the least of which is the Blue Greenway and Bay Trail.

The components of the open space within their vision for this project include soft green spaces that are both waterfront and inland, as Karen described. The promenade, which is a key piece that loops around this site, plazas that activate the edges of these green spaces and activate the streets to make pedestrian-friendly streets, and even roofscapes and smaller-scaled spaces within the project itself.

The focus of the open spaces, of course, is the 100 percent corner, this waterfront park at the very point at which you focus out to the Bay Bridge and to the landmarks beyond. This is scaled appropriately to work on a day-to-day basis, but also to work for events and to be very flexible in its use with its plazas on the edges.

As you walk along the promenade, it's important to think about that experience of being able to actually get to the water's edge, which is a rare experience in San Francisco Bay. The promenade will sometimes swing out over the water, and you'll be aware that you're over water. It will sometimes swing back allowing the terraces that you see in this image to get down to kayaking, to get down and touch the water. The promenade will interact with the wetlands that are actually cleaning the storm water from our site before it enters the Bay.

If you pivot to the right and look toward Pier 48, you see what is currently Terry Francois Boulevard, but they propose it to be, instead a plaza, a place for people, a very active place for bicyclists, pedestrians, kids of all ages, a plaza and gardens that activate the retail edge. In the distance, you see a reinvigorated Pier 48. As you grow closer to Pier 48, you see this idea of a multiuse plaza as something that could help invigorate the uses of Pier 48 and help invigorate the edges of the park, a very important aspect of the way parks work. It's multi-use, and a plaza like this could make that happen. It must work, as Karen said, day and night. This must be a place of life throughout the cycles.

It's also important that that open-space system reach inland. They see the central parks as having the potential to be much more neighborhood-oriented, a place for the people who will be living in this new neighborhood. They see this one as multi-use so that it's surrounded by multi-use buildings on all sides, but also is multi-use within it so that there is retail that is more neighborhood-focused, a place to have coffee on Saturday morning if you live in this neighborhood. You see as their inspiration, the Shake Shack in Madison Square Park in New York, the idea of a more intimate neighborhood-oriented place.

The open spaces have another job to do as well. They must contribute to the sustainability of a site. You see their sort of kit of parts of all the ways they want to use the water on this site sustainably. You can imagine plazas that are both rain gardens as well as porous pavement. They're lively, but they're also doing their job. That would spread to roofscapes, green roofs as well as

to the design of the buildings themselves. They envision this as being a very sustainable neighborhood park and place.

Karen Alschuler indicated that the commitment to sustainability is not only in the site and the buildings, but in the operations of the long-term experience and enjoyment of the site. This plan invites many different forms of transportation and is backed up by a commitment to encourage people to shed their cars and take one of the items on the irresistible menu of alternative access choices that they have on the site.

If you're walking there to the site or within, you can enjoy the small-scaled local streets. If you're coming on your bike as a commuter or as a visitor to the site, you're accommodated and encouraged to use the site. If you arrive by the T- line on the light rail, you are greeted by a gracious new edge on 3rd Street and are invited into the site in several locations.

You may be riding the E-line historic trolley arriving at the site or even coming from the water. In any case, they think their plan will allow people to use the regional transportation system and reduce the number of people who are dependent on cars. Because within five minutes of almost every part of the site, people can get to just about every part of our regional transportation system.

Over the last several months, they focused in on Pier 48 and have begun to have some ideas about how to feature the historic resources while looking for opportunities such as reinventing the idea of the valley and opening up a view to the Bay at the end, such as understanding the ways in which they can open and close the edges of the site, connecting life and activity inside to what's happening where the ferries arrive across from the ballpark, and just making the experience of the edge something which is really dramatically important and available and part of the public trust commitment on the site.

They've also reconsidered and reinvented the retail strategy with a mix of uses that can integrate homegrown businesses and really encourage them to expand on the site, whether it's in many different kinds of tenant spaces that are available through all seasons of the year. Whether it's inspired by the earth, by the sea, or by the hearth, they invite those kinds of activities and uses as part of the mix of retail on the site. This way, it would be a place with no backdoors, but only front door on great streets and public places. This will be a 100 percent corner that realizes the Port's principles and objectives, one of dramatic beauty, history, invention, and open arms to all the users on this site.

Jack Bair, San Francisco Giants, indicated that this is a compelling, dramatic location along the waterfront. Today they have shared their vision for its future, attempting to strike the right balance between the competing interests for this site and achieving the following fundamental objectives set forth in the RFP: a smart mix of uses keeping the district alive and relevant throughout the day and into the evening, a place that actively promotes and features

public trust consistent uses, a meaningful and diverse program of open spaces, a transit-oriented district designed also to meet the practical needs both of the site itself and surrounding uses such as the ballpark, an innovative, sustainable project, and a project that generates significant economic benefits to the Port so that the Port can effectively address its critical needs elsewhere along the waterfront.

With current economic conditions, we will have to face down and overcome significant challenges together. The Port, through its sponsorship of state legislation and its considerable public education efforts, has built a strong foundation for this effort. They look forward to working with the Port, the Advisory Panel, the Central Waterfront Advisory Group, the CACs of Rincon Point and Mission Bay, and the neighbors such as UCSF to achieve their collective goals. Together we can meet the challenge. They have a long history of working well together. Their development team has an established track record of working effectively on projects all along waterfronts, landmarks that have achieved international recognition: Crissy Field, the Ferry Building, and AT&T Park.

The Giants and their partners in this project are dedicated, experienced, and local. They care about doing things right and following through with their commitments. They have the right combination of talents to produce another great legacy for our hometown. They look forward to working together with the Port to get this project underway and to get the job done.

Gabriel Metcalf, executive director of SPUR, urged the Port to move forward with negotiations with this team. From a planning perspective, this is the right set of uses for the site. It's a very ambitious project. Frankly, it's very surprising that they are able to even be moving forward with it as capitalism melts down all around us. We should be so lucky to get this project to happen.

Joe D'Alessandro, president and CEO of the San Francisco Convention and Visitor Bureau, indicated that he is in favor of this project and encouraged the Port Commission to move forward with this project. Travel and tourism is San Francisco's most important industry, even in these tough economic times. His agency is responsible not only for marketing San Francisco, but for making sure that the long-term development of San Francisco continues to make it a competitive city for tourism. They've identified a number of projects that will help do that, including the expansion of the Moscone Center, including the cruise ship terminal. He feels that this piece really fits into the project and the long-term needs of San Francisco. One of the things they've identified as one of the greatest needs is public assembly space and special event space which this city does not have a lot of. This project combines a wonderful new neighborhood in San Francisco, great access to the waterfront, tremendous retail experiences, but also the use of public assembly spaces that is going to be critical for San Francisco's long-term future. He believes that this project is a tremendous one for the long term, a tremendous one for San Francisco,

and he encouraged the Port to go forward on it. He believes it will benefit the community and the economy of San Francisco in the long term.

Corinne Woods, a neighbor of Seawall Lot 337 among other things and worked with the Giants for many years, indicated that a lot of the pictures up here emphasized the bayfront park, the park, the big gateway to the Blue Greenway. If you look at the fine details of this proposal, that's not planned until phase three. When you talk about having public assembly space and visitor-attracting uses, we need to make sure that the public open space is done early in the process to make this a little different than just another development. It is a very critical piece. They look forward to negotiating further with the Giants, among other things on the name of the park. They almost lost China Basin Channel. They've lost China Basin Cove. They've lost China Basin Street. She doesn't want to lose the name China Basin Park.

Paul Nixon, one of the directors of the Bay Access, which is the human-powered boat group which is sponsored and advocating for the Bay Water Trail, indicated that this is a marvelous project. The way this comes down to the water, people can actually touch the water, kayaks can get into the water, and it fits in very nice with what they have been building around the southern waterfront for a long time. This was the site in 1873 of the South End Swimming and Rowing Club. They started right where the ballpark is. The Dolphin Rowing and Swimming Club also used this site for rowing in the 1950s. During the 2007 All-Star Game, the whole area was full of kayaks. It's appropriate that we have these kayaks here and that we're looking at the water. This is also a wonderful space for water recreation activities like boat racing and things like that where people can view on both sides of the water. This might be something that also be considered. Both groups had a swimming pool of some type in the original plans, and it doesn't seem to be there now. This area is one of the first areas for bay swimming in San Francisco, and it is actually a place where people do swim occasionally. He congratulated the developers for a fine plan.

Maureen Gaffney, the Association of Bay Area Governments and the San Francisco Bay Trail Project, indicated that the Bay Trail is a planned 500-mile recreational pathway encircling the entire San Francisco Bay, and 300 miles are complete today. Seawall Lot 337 will form a critical piece of the Bay Trail and the Blue Greenway. They appreciate the developer's recognition of their importance. It is their hope that the public access and open spaces can be implemented in the early phases of the project so that residents and visitors can enjoy this spectacular and unique waterfront location as soon as possible. ABAG/San Francisco Bay Trail would like to work with the developer and the Port on this exciting opportunity to implement new trail and access.

Michael Brown, senior field rep for Carpenters Local 22, indicated that they are in favor of this project. They're going to work with the developers to make sure that local union workers work on the project, apprentices and pre-apprentices come to the training and work on these projects. His only regret is

that it isn't starting tomorrow, because of the economy. They need a private industry to step forward, because the government is going to take a while to get the funds that they're promising. They would appreciate it if the Port could move this project along.

Ernestine Weiss indicated that she's very proud to see the development of all of this so far. She loves what she sees. It's the right fit, and we should go forward as soon as possible. As the creator of Ferry Park, she's especially interested in open space. She can't wait to see the trails developed and the open space to be used by the people who come here, the tourists, the residents, etc. It's the right mix. It's the right design, and let's go forward. She helped the Giants locate in their unique location on the waterfront. This is another piece of the prize that will benefit San Francisco in the long run.

Dennis McKenzie indicated that he provided the Commission a copy of his proposal to build a joint venture partnership with the City and County of San Francisco, the San Francisco Unified School District, the Port Commission, and the developers to create a basketball education and career pathway arena. The intention of this is to, as the Giants and all the developers have done, instead of competing, they've joined forces to create one team effort. His proposal is to make people aware of the fact that 55,000 public high school students have no sports pathway. He proposes that as a joint venture, the City, the Port and the developers create a basketball education center with a sports management and facilities pathway arena. The basketball arena would be accessible for all high school students throughout the city, as you can imagine trying to update and modernize the basketball arenas or basketball gymnasiums in all the San Francisco high schools, it would be impossible. This one facility could provide access for all the high schools to meet and join forces and all the resources necessary. The idea of the pathway is to create a basketball arena with classrooms surrounding, and, as an integral part of this facility, to teach the kids all the jobs and careers that are available. They need to learn about what college programs there are available. Through a cooperative venture, he believes the students could have the facility that they much deserve.

Manuel Flores, field representative of Carpenters Local Union 22, echoed Mike Brown's comments that it's too bad we couldn't start this project right away. It would be a shot in the arm for our economy and they really need this. A few of the Carpenters Local 22 members are here. This project will give them a vision and hope for the future because this is what they really need. They look forward for the Port's approval of this project.

Toby Levine, co-chair of the Central Waterfront Advisory Group, indicated that she's excited about this project. They have studied the previous projects very closely. She iterated the importance of what Corinne Woods said, which is that a way, if possible, be found to build in the open spaces and the public amenities earlier rather than later. As a new resident of Mission Bay, she finds that it's a little lonely in some cases being in the middle of a building in

the middle of an area where there's nothing around it, and you're just kind of out there. There are at least two examples of that in Mission Bay. Eventually there will be more. It's very important that the open space and the other amenities be brought in early if you really want to have a successful project.

Louise Williams, Local 22 carpenter, indicated that she really supports this project.

Commissioner Michael Hardeman indicated that the project looks outstanding. It's wonderful to see the graphics that were presented and some of the verbiage passed on by the proposed developers. He certainly concurs with the speakers that are looking for work. They're certainly going to need it this year the way things are going. It's a tragedy that the Commission couldn't vote on this today and decide whether to move it along because there are many hoops to go through. The project looks very nice on its surface. He thanked all the presenters for an outstanding job.

Commissioner Stephanie Shakofsky, seconded Commissioner Hardeman's remarks. She's very excited by what was presented today and looks forward to a full partnership with the Port and the developers. She looks forward to working with the developers as we move forward in these rather tentative economic times but continue to move forward with the idea that we will see better times.

Commissioner Kimberly Brandon reiterated her fellow Commissioners' comments. She thanked the developers for still thinking about proceeding with this project during these hard economic times. She looks forward to the Advisory Committee looking over the project and getting more into the specifics in how the project will be developed and how the Port will partner with this project. She wished the developers the best of luck.

Commissioner Ann Lazarus added her thanks for the combined effort. She's a big believer in collaboration, so it's great to see that so many of the developers were able to come together and give the Commission a vision of what the lot might look like. She hearken back to the earlier item about capital planning and capital needs for the Port. The Port envisions this project as in many ways not only being a financial engine for that part of the city, but as another tool in our quiver for how we're going to rehabilitate our waterfront. The Commission looks forward to working out those details so it's a classic win-win for everybody.

Commissioner Rodney Fong indicated that the word dramatic was used during the presentation and he thinks the photos are at least in the scale of this thing. He happened to show some of the photos to a very young San Francisco resident who was amazed by the Photoshop that was done there but it is spectacular. He was also impressed, in reading through the material, the proposed 875 residential units and the 4,700 jobs that will be created. That equates to a 9 percent increase in jobs in San Francisco and that's quite

phenomenal. Joe D'Allesandro spoke about Pier 48 and the need for more event space. When Oracle came into town, they needed to block off space. There's really a need to have additional event space. To piggyback on Corinne's comment about the historic value of China Basin, China Basin did hold a lot of the Chinese clipper ships, giant clipper ships that brought a lot of Chinese labor into America to work on the gold mine as well as the railroad. He thinks that would be well served if we can preserve the history of China Basin. Mr. Sullivan referred to the Port's financial toolkit. He's not sure if our toolkit is a small bag or a tool locker, but he looks forward to discussing this issue further. Commissioner Fong indicated that he is a little bit concern about the two means of egress onto the site, the Lefty O'Doul Bridge and the 4th Street Bridge and would like to talk further about bringing more people from the northern part of the city towards the project site. He thinks the project is spectacular. They all look forward to moving forward with this project.

10. NEW BUSINESS / AGENDA SETTING

Executive Director Moyer indicated that we have a long list of items for our next meeting, three of which are the action items for the operating budget, capital budget, and capital plan. If the Commission concur, our plan was to bring those three items back on consent then that would leave us with a pretty full agenda. Secondly, we are scheduled to have an item at the next meeting on Seawall Lot 351. We intend to present it at a time certain. She asked the Commission if they liked that aspect of today's meeting or if they would like to do something different.

The Commission agreed with hearing the item at a time certain as proposed.

Commissioner Hardeman indicated that hearing the item at a time certain is a good idea so they know when to get show up.

11. PUBLIC COMMENT

Ernestine Weiss thanked Byron Rhett and Diane Oshima for attending her plaque dedication ceremony and for Renee Dunn's wonderful support. It was a great day and it was also her birthday, which was very significant. The event went well.

12. COMMUNICATIONS

13. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

Commission President Fong adjourned the meeting at 5:35 p.m.

SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Stephanie Shakofsky, Vice President
Kimberly Brandon, Commissioner
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax: 415-274-0412 Phone: 415-274-0406; Fax: 415-274-0412

AGENDA TUESDAY, FEBRUARY 24, 2009 2:00 P.M. CLOSED SESSION 3:15 P.M. OPEN SESSION PORT COMMISSION HEARING ROOM, SECOND FLOOR FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL

2. APPROVAL OF MINUTES - February 10, 2009

GOVERNMENT
DOCUMENTS DEPT

3. PUBLIC COMMENT ON EXECUTIVE SESSION

FEB 20 2009

4. EXECUTIVE SESSION

SAN FRANCISCO
PUBLIC LIBRARY

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

- (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative.**

- a. Property: AB 0201, Lot 013 also known as Seawall Lot 351
(Washington Street at the Embarcadero)

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development

*Negotiating Parties: San Francisco Waterfront Partners, Simon Snellgrove

Under Negotiations: _____ Price _____ Terms of Payment X Both
The non-Port party identified submitted a proposal on December 19, 2008 for Seawall Lot 351 in response to a Request for Proposals authorized by the Port Commission on July 8, 2008. In this executive session, the Port intends to seek direction from the Commission on matters that may affect the competitive process now underway.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

- A. Executive Director's Report
 - Pier 31 Update
 - Impacts from February 15-18, 2009 Rain Storms

8. CONSENT

- A. Request approval of the Port's Annual Operating Budget for Fiscal Year 2009-10. (Resolution No. 09-07)
- B. Request approval of the Port's \$21 Million Annual Capital Project Budget for Fiscal Year 2009-10. (Resolution No. 09-08)
- C. Request approval of the FY 2009-18 Update to the Port's 10-Year Capital Plan. (Resolution No. 09-09)

9. REAL ESTATE

- A. Informational presentation regarding a proposed agreement for a Construction Materials Recycling Center at SWL 352 between the Port and Sustainable Crushing Ventures, LLC.

10. ENGINEERING

- A. Request authorization to partner with the San Francisco Conservation Corps in an application for Proposition 84 grant funding not to exceed \$87,000 to support construction of the Amador Street Swales project. (Resolution No. 09-10)

11. PLANNING & DEVELOPMENT

- A. Informational Presentation on commencement of Embarcadero Design Standards Study to review function and develop standards to improve the quality of the pedestrian environment on The Embarcadero Promenade.

ITEM 11B WILL BE HEARD AT 4:15 P.M. (The Commission may decide to hear this item out of order (after any of Items 11-14) if Item 11A is not completed before 4:15 p.m.

- B. Request approval (1) to award the Seawall Lot 351 Development Opportunity at Washington and The Embarcadero to San Francisco Waterfront Partners II LLC, and (2) to enter into exclusive negotiations to explore a mixed-use development project combining SWL 351 with the adjacent privately owned Blocks 168, 171 and 201. (Resolution No. 09-12)

12. NEW BUSINESS / AGENDA SETTING

- ◆ New Business
- ◆ Agenda Setting (Targeted Commission meeting, subject to change)
 - Informational Presentation regarding freight rail service to the Port of San Francisco (March 10, 2009)
 - Request approval of lease amendment with San Francisco Bay Railroad (March 10, 2009)
 - Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (March 10, 2009)
 - Request authorization to issue Request for Proposals (RFP) for Parking Vendors for selected Northern Waterfront locations (March 10, 2009)
 - Request authorization to award a Professional Services Contract in an amount not to exceed \$75,000 to San Francisco State University to provide an educational program and water quality monitoring at Pier 45, Fisherman's Wharf (March 10, 2009)

- Request authorization to award Construction Contract No. 2725, Pier 80 Security Fences Project (March 10, 2009)
- Request approval of Lease L-14646 with San Francisco Soccer for a term of one year for paved land located at the Pier 27/29 Valley (March 10, 2009)
- Request approval of lease with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. for the Construction Materials Recycling Center at SWL 352 (March 10, 2009)
- Request authorization to issue Request For Proposals (RFP) for a pool of as-needed Architectural/Engineering Services for a period of 3 years (March 10, 2009)
- Request authorization to award a contract for Brownfields Environmental Investigation for Pier 70 (March 10, 2009)
- Request approval of Self-Operation and Maintenance of Foreign Trade Zone (March 24, 2009)
- Request authorization to award the Seawall Lot 337 Development Opportunity (April 28, 2009)
- Request authorization to award the Parking Lot RFP (May 26, 2009)
- Request authorization to award Pier 45 drainage improvements project (Date to be determined)
- Informational Presentation regarding the status of PG&E's environmental investigation at the Potrero Power Plant shoreline (Date to be determined)
- Informational Presentation regarding Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (Date to be determined)
- Request approval of a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (Date to be determined)
- Request approval of Tripartite Agreement among Port, Baydelta Maritime, Inc. and the Exploratorium regarding relocation of Baydelta from Pier 15 to Pier 17 as part of the Exploratorium's Historic Rehabilitation Project at Piers 15/17, located on the Embarcadero at Green Street. (Date to be determined)

13. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

14. COMMUNICATIONS

Communications to the Port Commission from February 6 to February 19, 2009:

- From Dennis Mackenzie, Round the Diamond, regarding SWL 337
- From Thomas Chen, Director General of Taipei Economic and Cultural Office in San Francisco, invitation to lunch with Hon. Chu Chen, Mayor of Kaohsiung of the Republic of China (Taiwan), on February 24, 2009

15. ADJOURNMENT

MARCH 2009
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
March 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
March 24	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406.

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

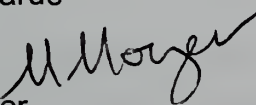
Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

February 18, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Fiscal Year 2009-10 Operating Budget

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

The purpose of this item is to seek Port Commission approval of the Port's proposed Fiscal Year 2009-10 operating budget. Following Port Commission approval, the budget will then be reviewed by the Mayor's Office, which will submit the budget to the Board of Supervisors by the first of May 2009. The Board will give final consideration to the budget on or about July 31, 2009. The proposed Fiscal Year 2009-10 Overall Budget is summarized as follows:

	<u>Budget</u> <u>2008/09</u>	<u>Budget</u> <u>2009/10</u>	<u>Increase / (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Sources</u>				
Estimated Fund Balance	\$13,396,258	\$16,722,692	\$3,326,434	24.8%
Revenue	64,538,548	63,376,800	(1,161,748)	-1.8%
Closed Capital Projects	<u>1,106,321</u>	<u>0</u>	<u>(1,106,321)</u>	<u>-100.0%</u>
Total Sources	<u>\$79,041,127</u>	<u>\$80,099,492</u>	<u>\$1,058,365</u>	<u>1.3%</u>
<u>Uses</u>				
Operating Expense	\$58,966,197	\$59,533,349	\$567,152	1.0%
Capital Appropriations	6,941,000	7,477,700	536,700	7.7%
Annual Projects	4,291,524	4,156,683	(134,841)	-3.1%
Operating Reserve	<u>8,842,406</u>	<u>8,931,760</u>	<u>89,354</u>	<u>1.0%</u>
Total Uses	<u>\$79,041,127</u>	<u>\$80,099,492</u>	<u>\$1,058,365</u>	<u>1.3%</u>
Operating Reserve as a Percent of Operating Expense	15%	15%		

This Print Covers Calendar Item No. 8A

The table above identifies all of the Port's revenue sources including Estimated Fund Balance that the Port uses to fund capital projects and the budgeted operating reserve.

With respect to the operating budget, based on the current economic downturn we project operating revenues to decrease by approximately \$1.2 million or 1.8% from FY 2008-09 and operating expenses to increase by \$567,153 or 1.0%. Additionally, we propose to increase the Port's operating reserve by \$89,353 to maintain 15% of operating expenses consistent with the Port Commission adopted operating reserve policy. The Estimated Fund Balance has increased by approximately \$3.3 million.

Each of the primary changes to the Port's FY 2009-10 budget is described in more detail below.

Revenue

The proposed revenue budget of \$63,376,800 for FY 2009-10 reflects a \$1.2 million decrease or 1.8% less than the FY 2008-09 budget. Projected revenues for FY 2009-10 are as follows:

	Budget 2008/09	Budget 2009/10	Increase/(Decrease)	
			Amount	Percent
Cargo	\$4,740,000	\$4,497,500	(\$242,500)	-5.1%
Ship Repair	1,000,000	855,000	(145,000)	-14.5%
Harbor Services	995,000	1,335,000	340,000	34.2%
Cruise	1,565,000	1,980,000	415,000	26.5%
Fishing	1,850,000	1,820,000	(30,000)	-1.6%
Other Marine	1,368,000	1,744,000	376,000	27.5%
Commercial/Industrial	39,217,248	38,740,000	(477,248)	-1.2%
Parking	10,794,000	10,400,000	(394,000)	-3.7%
Filming	25,000	0	(25,000)	-100%
Special Events	100,000	100,000	0	0%
Miscellaneous Services	105,000	105,000	0	0%
Facility Damage	6,000	6,000	0	0%
Permits	710,000	366,000	(344,000)	-48.5%
Miscellaneous Repairs	30,000	30,000	0	0%
Negotiation Fees	350,000	250,000	(100,000)	-28.6%
Interest on Investments	1,330,000	795,000	(535,000)	-40.2%
Penalties & Svc. Charges	19,300	19,300	0	0%
Miscellaneous Receipts	<u>334,000</u>	<u>334,000</u>	<u>0</u>	<u>0%</u>
Total Revenues	<u>\$64,538,548</u>	<u>\$63,376,800</u>	<u>(\$1,161,748)</u>	<u>-1.8%</u>

The changes in the FY 2009-10 revenue budget compared to the prior fiscal year are as follows:

- Cargo revenues are projected to decrease by \$242,500 or 5% primarily as a result of the Foreign Trade Zone (FTZ) operation terminating at Piers 19/23. However, the Real Estate Division is directly leasing the space at Piers 19/23 with those FTZ's subtenants who wish to do so. Unfortunately, some of the FTZ's subtenants have chosen to leave. As a result, the Port's FY 2009-10 budget includes \$300,000 related to Piers 19/23 former FTZ subtenant leases or \$324,000 less than the amount budgeted in FY 2008-09.
- Ship Repair revenues are projected to decline by \$145,000 or 15% based on revenues the Port has received in the current year.
- Harbor Services revenues are projected to increase by \$340,000 or 34% based on the new lease with the San Francisco Bar Pilots at Pier 9 effective January 2010.
- Cruise revenues are expected to increase by \$415,000 or 27% based on the recent restructuring of and overall increase to the cruise related fees from per passenger volume based tiered rates to a bundled passenger rate that includes dockage fees.
- Other Marine revenues are expected to increase by \$376,000 or 27% based on continued increases in MARAD vessels' layberth activity.
- Commercial/Industrial rent is expected to decrease by \$477,248 or 1% primarily due to declining percentage rents of \$2.4 million or approximately 18% based on a similar decline the Port experienced following the 9/11 event. The \$2.4 million reduction in percentage rent revenue is off-set by an increase of approximately \$2 million in base rents associated with existing leases and new leases resulting from lease negotiations currently underway for vacant space at Piers 29, 29.5, 54, 80 and 96.
- Parking revenue is projected to decrease by \$394,000 or 4% primarily due to expectations that the downturn in the City's economy will reduce demand for parking which will result in reduced parking revenues at the Port.
- Building Permit revenues are expected to decline by \$344,000 or 48% based on the expectation that the Port's tenants will not invest in tenant improvements given the current economic downturn. The City's Department of Building Inspection and Department of City Planning have experienced similar downturns in the number of permit applications.
- Negotiation fees are expected to decline to \$250,000 or the same amount collected in FY 2007-08.
- Interest on Investments is expected to decrease by \$535,000 or 40% based on interest rates decreasing from 2.5% to 1.5%.

Expense

The proposed FY 2009-10 expense budget of \$63,690,033¹ is a \$432,312, or 0.7% increase over the prior fiscal year. The expense summary for FY 2009-10 is as follows:

	Budget	Budget	Increase / (Decrease)	
	<u>2008/09</u>	<u>2009/10</u>	<u>Amount</u>	<u>Percent</u>
Salaries & Benefits	\$27,036,174	\$28,534,639	\$1,498,465	5.5%
City-wide Overhead	538,550	538,550	0	0%
Other Current Expenses	9,315,931	8,860,518	(455,413)	-4.9%
Materials & Supplies	1,374,193	1,482,246	108,053	7.9%
Fixed Charges	668,436	632,187	(36,249)	-5.4%
Capital Outlay (Equipment)	848,058	254,038	(594,020)	-70.0%
Annual Projects	4,291,524	4,156,683	(134,841)	-3.1%
Debt Service	4,702,720	4,702,720	0	0%
ADM - Insurance & Risk	2,100,033	1,890,033	(210,000)	-10.0%
City Attorney - Legal				
Services	2,554,650	2,554,650	0	0%
Fire Protection Services	2,736,582	2,736,582	0	0%
DHR – Workers				
Compensation	826,811	826,811	0	0%
PUC - Light, Heat & Power	1,396,419	1,656,275	259,856	18.6%
All Other Departments	4,452,651	4,449,112	(3,539)	-0.1%
Interdepartmental Recovery	(169,000)	(169,000)	0	0%
Revenue Transfer Out -				
DPT	<u>583,989</u>	<u>583,989</u>	<u>0</u>	<u>0%</u>
Total Expenses	<u>\$63,257,721</u>	<u>\$63,690,033</u>	<u>\$432,312</u>	<u>0.7%</u>

As described below, the major increases in the FY 2009-10 expense budget over the prior fiscal year are in salaries and mandatory fringe benefits which were primarily off-set by decreasing Other Current Expenses and Capital Outlay.

- Salaries and mandatory fringe benefits are projected to increase by a total of \$1,498,465 or 5.5%, approximately \$1 million of which is associated with a 66% increase in the Port's contributions to the City's retirement fund requiring larger contributions to meet its statutory funding requirements. Similar to other entities, the City's retirement fund has experienced poor returns on investments. The remaining \$451,479 is related to increases in salaries due to annualizing the increase in salaries granted in the City's 2007 memorandums of understandings (MOUs) with the labor unions.

¹ The \$63,690,033 expense budget includes Operating Expenses of \$59,533,349 plus \$4,156,683 for Annual Projects that are summarized in the table on the first page of this report. Thus, total expenses increased by 0.7% while annual operating expenses that exclude the annual projects increased by 1.0%.

- Other Current Expenses decreased by a total of \$455,414 or 4.9% due to reducing the budgets for (1) Professional Services by \$468,600 primarily in Planning and Development and Finance and Administration divisions, (2) Travel, Training and Membership Fees by \$28,184, (3) Promotions and Entertainment by \$48,800, and (4) other miscellaneous accounts by \$24,368. The affect of these reductions will be to issue fewer consulting contracts for those divisions. We do not anticipate these reductions significantly affecting our ability to complete projects due to the professional services contracts issued in FY 2008-09 that will extend into FY 2009-10. The remaining reductions will essentially result in Port staff taking fewer marketing trips and attending fewer Port funded trainings.

In addition, we increased funding for rent, utilities, and maintenance services related to equipment by \$114,088 based on increased rates.

- Capital Outlay is expected to decrease by \$594,020 or 70% due to replacing fewer vehicles in FY 2009-10 than the Port replaced in FY 2008-09. Assuming the Port's revenues recover in FY 2010-11, the Port will reinstitute its vehicle replacement program.
- Annual Projects decreased by \$134,841 primarily by reducing various project budgets that will not have an impact on the ability of Port staff to deliver projects.
- The Port's work-order to the PUC's Bureau of Light Heat and Power increased by \$259,856 to begin repaying funds PUC advanced to install energy efficiency improvements on Port property.
- The Port reduced its work-order to Administrative Services for Insurance and Risk Management by \$210,000 due to reduced insurance premiums.
- The Port reduced its budget to the Division of Real Estate (DRE) by \$196,308 to reflect the Port's work-order agreement with DRE to fund a Principal Property Manager position for the first six months of FY 2009-10 to complete working on the back-log of the Port's hold-over leases. We included funding to cover part-time assistance from DRE for the remaining six months in FY 2009-10 to continue certain work on the Port's hold-over leasing project.

Staffing Changes Proposed in the Port's FY 2009-10 Budget

There are no position changes in the Port's proposed FY 2009-10 budget.

Conclusion

The Port's proposed FY 2009-10 operating budget is a modest 0.7% increase from FY 2008-09 while adding \$89,353 to the Port's operating reserve. The Port's FY 2009-10 total expense budget of \$63,690,033 including operating expenses and annual projects is \$31,323 more than the operating revenues of \$63,376,800. The \$31,323 difference will be funded by the Port's fund balance. The Port's practice has been to use fund balance for its capital appropriations and operating reserve or one-time uses. The Port's FY 2009-10 total expense budget includes several one-time costs such as the \$4,156,683 budgeted for

annual projects. Thus, using \$31,323 from the Port's fund balance is consistent with the Port's practice of using fund balance for one-time expenses.

The primary increase to the Port's budget is for salaries and fringe benefits which reflect wage increases and increased contributions to the City's retirement fund. The budget continues to provide funding for professional services and one-time projects that will enable the Port to repair, manage, and develop the City's waterfront. The Port's FY 2009-10 revenue budget includes conservative estimates for percentage rents, rent from parking lots, building permits, and developer fees to reflect the downturn in the nation and City's economy. In addition, the Port's proposed revenue budget for interest on investments assumes a reduction of \$535,000 to reflect further interest rate reductions. While this budget is not ideal, because of a diverse revenue base the Port appears to be able to weather the current economic downturn.

In addition, as noted in Item 8C on the Port's 10-year Capital Plan, the Port will retire its existing revenue bond debt on July 1, 2009, the annual debt service of which is \$4.5 million. With the \$4.5 million in annual savings, we plan to issue new revenue bonds in FY 2009-10 to fund several projects that will generate additional revenues for the Port as well as serve as an economic stimulus for the City. To that end, there is \$4.5 million in the Port's FY 2009-10 budget for debt service.

Port staff recommends that the Port Commission adopt the proposed annual operating budget and authorize the Executive Director to make non-material changes to the budget as may be necessary. If we make material changes to the budget such as add or delete positions or significantly increase or decrease revenue estimates, we will return to the Port Commission for approval before we submit the budget to the Board of Supervisors. Non-material changes are generally technical adjustments to the budget, not policy changes. Examples of non-material changes include updates to the budget for salaries and fringe benefits as City-wide MOU's are finalized or adjustments to work order amounts with other City departments as cost estimates are finalized. Once Mayor Gavin Newsom's Office and the Board of Supervisors finalize the budget, staff will return to the Port Commission with the adopted budget, detailing all changes made by staff, the Mayor and the Board.

Prepared by: Tina Olson, Deputy Director
Finance and Administration

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-07

- WHEREAS, Port Commission staff has developed a proposed Fiscal Year 2009-10 operating budget; and
- WHEREAS, The proposed operating budget includes projected revenues of \$63,376,800; and
- WHEREAS, The proposed operating budget includes projected expenses of \$63,690,033; and
- WHEREAS, The proposed operating budget includes an operating reserve of \$8,931,760; and
- WHEREAS, The operating budget must also be approved by Mayor Gavin Newsom and the Board of Supervisors; now therefore, be it
- RESOLVED, That the Port Commission hereby approves the Fiscal Year 2009-10 operating budget as presented by staff; and be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director to submit such budget to the Mayor and, in working with the Mayor and the Board of Supervisors, make changes to the operating budget the Executive Director determines to be in the best interest of the Port and the City.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 24, 2009.

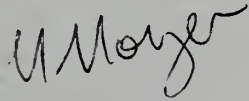
Secretary



MEMORANDUM

February 17, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Request Approval of Proposed \$21.0 Million Annual Capital Project Budget
Funding for Fiscal Year 2009/10

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Attached is the annual Capital Project Budget that Port staff is proposing for Fiscal Year 2009/10. The FY 2009/10 proposed budget for capital projects totals \$21,034,362, as detailed in Exhibit I, and consists of \$7,477,000 in Port funding, and \$13,557,362 in funding from the 2008 Clean and Safe Neighborhood Parks General Obligation Bond.

Over the past several months, the Executive Director, the Capital Project Budget Committee (CPBC) (comprised of the Port's Deputy Directors and the Chief Harbor Engineer), and other key Port staff met to review and prioritize capital project funding requests for FY 2009/10 that were submitted by the Port's Divisions. The Executive Director and CPBC used the following criteria to determine which projects to recommend to the Port Commission for funding: (i) health and safety issues; (ii) completion of funding for projects that are currently underway; (iii) preservation of Port assets; (iv) prevention of loss of revenue to the Port; v) maintenance of Port facilities; and (vi) revenue generation. Funding for these projects will be provided by the unappropriated balance from the Port's operating fund, and the partial defunding of a previously approved capital project.

The proposed Fiscal Year 2009/10 Capital Project Budget also includes capital projects to develop the Port's waterfront parks. Funding for these projects will come from the second issuance of the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond that is currently scheduled for October, 2009.

This Print Covers Calendar Item No. 8B

The capital project budget that staff is proposing for FY 2009/10, shown in Exhibit I, includes Port funding for: (i) the Port's maintenance dredging program for next year; (ii) construction of new restrooms at the entrance to the Pier 35 cruise terminal; (iii) replacement of deteriorated fender piles and camels at Pier 45; (iv) exterior painting, weatherproofing, and window upgrades to Roundhouse 2; (v) construction of new covered materials sheds for the Port's Maintenance Department; and (vi) the repainting of two cargo cranes at Pier 80.

Also included in the proposed capital project budget is additional Port funding for: (i) a capital project established to make physical improvements to Port facilities to make them more accessible to the disabled; (ii) capital projects established to repair the pier structures and utility infrastructure of Port facilities; (iii) a capital project to fund capital improvements needed as part of the leasing process; and (iv) the Illinois Street Bridge. Staff is requesting \$650,000 for the Illinois Street Bridge to cover a shortfall in recovery from a \$3.2 million Federal earmark grant that the Port received for the bridge. The \$3.2 million grant was allocated over five years based on available Federal appropriations. The Federal Highway Administration (FHWA) significantly reduced the 4th and 5th year allocations such that \$650,000 in Port funds are now needed to fully fund the project. Caltrans staff, who administer the grant for FHWA, indicated that the reduction in grant funds was the result of a reduction in Federal appropriations. Caltrans staff indicated that the State and local jurisdictions were similarly affected.

The proposed FY 2009/10 capital project budget also includes funding from the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond for: i) detailed design of the Blue Greenway projects; ii) construction of Pier 43 Bay Link Trail; and iii) construction of the Bayfront and Brannan Street Wharf parks.

Based on the Port's existing capital project needs and identified funding sources, Port staff submits to the Port Commission the attached proposed annual Capital Project Budget for Fiscal Year 2009/10 and recommends its approval for submission to Mayor Gavin Newsom and the Board of Supervisors, as detailed in the proposed resolution attached to this memorandum. Port staff will return to the Port Commission this Summer to report on the adopted annual Capital Project Budget, and detail any changes made by staff, the Mayor, or the Board of Supervisors for the Port Commission's approval.

Prepared By: Lawrence Brown, Financial Analyst

For: Tina Olson, Deputy Director
Finance and Administration



EXHIBIT I

**Capital Projects
Proposed Funding for FY 2009/10**

Project	<u>Operating Fund</u>	<u>Park G.O. Bond</u>	<u>Total Funding</u>
<i>Fisherman's Wharf</i>			
Pier 45 Fender & Camels Project	600,000	0	600,000
Pier 43 Bay Link Trail- Construction	0	6,334,125	6,334,125
<i>Northeast Waterfront</i>			
Pier 35 Bathrooms	250,000	0	250,000
Roundhouse Paint, Weatherproofing and Window Upgrade	200,000	0	200,000
<i>Ferry Building Area & South Beach</i>			
Brannan Street Wharf Park - Construction	0	2,941,050	2,941,050
<i>Southern Waterfront:</i>			
Pier 50 Maintenance Covered Material Sheds	420,000	0	420,000
Pier 80 Crane Painting and Upgrade Project	400,000	0	400,000
Bayfront Park - Construction (Mission Bay shoreline protection project)	0	2,518,937	2,518,937
Blue Greenway Projects Design		1,763,250	1,763,250
Illinois Street Bridge - Add'l Funding to Replace Federal Grant Funds	650,000	0	650,000
<i>Portwide Projects:</i>			
Dredge Materials Testing – FY 2009/10 Program	400,000	0	400,000
Maintenance Dredging – FY 2009/10 Program	2,100,000	0	2,100,000
Port ADA Transition Plan – FY 2009/10 Program	350,000	0	350,000
Utilities Project – FY 2009/10 Program	500,000	0	500,000
Pier Structures Repair Project, Phase II – Add'l Funding	1,107,000	0	1,107,000
Leasing Capital Improvement Project - Add'l Funding	400,000	0	400,000
Waterfront Sewer Pump Project, Phase II	100,000	0	100,000
Total Proposed Project Funding	\$7,477,000	\$13,557,362	\$21,034,362

FY 2009/10 CAPITAL PROJECT BUDGETS
(Port Funds)

<u>Project Name</u>	<u>Amount</u>	<u>Description</u>
Pier 45 Fender and Camels Project	\$600,000	<p>This project provides funding to replace 900 linear feet of deteriorated fender pile at Pier 45 West with new pile using the existing layout. Funding is also provided to replace deteriorated camels with new plastic camels in front of new fender pile.</p> <p>The deteriorated condition of the fendering system at Pier 45 West has reduced the usable area for docking fishing boats and has produced obstructions that create safety concerns. Replacing the fenders and camels will increase dockage revenue by returning the entire length of dock space at Pier 45 West to productive use, aid in the mooring of the fishing boats & off loading product, and improve the vitality of the fish processing center.</p>
Pier 35 Bathrooms	\$250,000	<p>Project provides funding to construct two new restroom facilities to be located at the entrance to the Pier 35 Cruise Terminal facility.</p> <p>Currently there are no restroom facilities available at the entrance to the Cruise Terminal at Pier 35. The closest restrooms are located inside the terminal past the security checkpoints. Having restrooms at the front of the facility, outside of the secure area would: i) help keep embarking and disembarking passengers separate; ii) reduce travel for passengers who need to access the restrooms, and iii) allow passenger family members, limo and taxi drivers access to restrooms.</p>
Roundhouse Paint, Weatherproofing and Window Upgrade Project	\$200,000	<p>This project provides funding for the exterior painting and weatherproofing of the Port facility known as Roundhouse No. 2. The project scope includes sealing and painting the exterior to make the building watertight, replacing the existing single pane windows with new energy efficient windows, and the replacing of old window caulking.</p> <p>During storms, water penetrates the building causing substantial damage to floors and to tenant spaces. This, in turn, contributes to damage of the building, and significant cost to the Port due to lost rent, and the need to reimburse tenants for losses that they incur as a result of the water damage.</p>
Pier 50, Maintenance Covered Material Sheds	\$420,000	<p>This project will fund the construction of covered steel sheds at the Port's maintenance facility at Pier 50, Shed D. The sheds will be used for the storage of treated lumber, and other materials.</p> <p>The Port's maintenance department currently stores its treated lumber at building 116 on Pier 70. This building is part of a planned redevelopment of the Pier 70 area.</p>

FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)
(Port Funds)

<u>Project Name</u>	<u>Amount</u>	<u>Description</u>
		Redevelopment of this area would leave the Port without a suitable facility for the storage of its treated lumber. Environmental regulations require treated lumber to be stored in a covered facility in order to prevent the materials that were used to treat the lumber from entering the storm drain systems which dump directly into the San Francisco Bay.
Pier 80 Crane Painting and Upgrade Project	\$400,000	This project would fund the repainting of two cargo cranes at the Port's Pier 80 Cargo Terminal. Funding is also provided for the abatement and disposal of lead-based paint, and upgrades to handrails & walking platforms required to operate the cranes. Painting the cranes protects them against the harsh marine environment. Failure to repaint the cranes will cause deterioration and metal fatigue of vital components required to maintain their structure integrity, and lead to more costly repairs in the future. This work is also required in order to maintain the cranes' operating certification from CAL/OSHA.
Illinois Street Bridge - Add'l Funding to Replace Federal Grant Funds	\$650,000	This project funds the design and construction of an inter-modal (rail & truck) bridge across the Islais Creek Channel including approaches and related improvements. The bridge provides direct rail and truck connections between Pier 80 and Pier 94/96 along the Illinois Street right of way. Additional funding is now needed to cover a shortage in recovery from a \$3.2 million Federal earmark grant that the Port received for the bridge. The \$3.2 million grant was allocated over five years based on available Federal appropriations. The Federal Highway Administration (FHWA) significantly reduced the 4 th and 5 th year allocations such that \$650,000 in Port funds are now needed to fully fund the project.
Dredge Materials Testing – FY 2009/10 Program	\$400,000	This project will fund the testing of sediments to be dredged for chemical and biological contaminants. This project supports the Port's dredging activities for FY 2009/10. Environmental regulations require chemical and biological testing of the sediments in any area to be dredged in order to determine the amount (if any) of contaminants in the soil. Results of the testing are used to determine the proper disposal site.

FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)
(Port Funds)

Project Name	Amount	Description
Maintenance Dredging – FY 2009/10 Program	\$2,100,000	This project will fund the Port's dredging activities for FY 2009/10. It will fund dredging at Piers 27, 35 and Fisherman's Wharf. Maintenance dredging is necessary for the continued operation of Port maritime facilities. Dredging keeps berths and channels at navigable depths, including sites where the Port has contractual obligations with shipping lines and operators.
Port ADA Transition Plan – Add'l Funding	\$350,000	<p>This project provides funding for physical improvements to the Port's public facilities to make them accessible to the disabled. Since FY 1998/99, \$1,633,961 has been appropriated for this project; almost all of which has been committed for specific ADA projects.</p> <p>Additional funds are now needed for the following projects: i) construction of curb ramps, signage, and accessible parking improvements along the Embarcadero roadway; and ii) construction of accessibility improvements to correct the slope of the over-water walkways located on the Fisherman's Wharf Inner Harbor behind the Taylor Street businesses. The walkway slopes currently exceed the maximum allowed slope of 1:12. Project funding is also available for other accessibility repairs and improvements as needed.</p>
Utilities Project – Add'l Funding	\$500,000	<p>This project provides funding for necessary utility repair and capacity related improvements to the utility infrastructure servicing various Port facilities. Utilities include electric power, lighting, telephone, gas, HVAC, water, electronic security, sewer and drainage service. This project also funds fire system certification, and needed repairs and improvements to fire and alarm systems at various facilities. Also included is funding for labor and equipment as needed to facilitate the repairs. Since FY 2003/04, \$2,575,000 has been appropriated for this project; almost all of which has been committed for specific utility projects.</p> <p>Additional funds are now needed for fire protection inspection and testing, utility mapping, and replacement of the HVAC system at Roundhouse 2. Funding provided is also available for utility-related repairs at other facilities as needed.</p>
Pier Structures Repair Project, Phase II - Add'l Funding	\$1,107,000	This project funds engineering, permitting, inspection and repair of, or improvements to, the Port's deteriorated pier structures including substructures, superstructures, and marginal wharfs. Funds are also provided for labor and equipment as needed. Since

FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)
(Port Funds)

<u>Project Name</u>	<u>Amount</u>	<u>Description</u>
		<p>FY 2007/08, \$1,907,500 has been appropriated for this project; almost all of which has been committed for pier repair projects.</p> <p>Additional funds are now needed for the repair of the Ferry Building north public access plaza, and repair of the aprons at Piers 19, 26, 28 and 50, Shed B. Funding provided will also cover pier-related repairs at other facilities as required.</p> <p>Repairing the Port's pier structures is necessary to ensure: (i) the continued safe operation of the Port's pier superstructures and buildings, (ii) the preservation of lease revenues, and (iii) the extension of the economic life of the Port's pier and marginal wharf assets.</p>
Leasing Capital Improvement Project - Add'l Funding	\$400,000	<p>As part of lease negotiations with Port tenants, or potential tenants, it is sometimes necessary for the Port to make certain improvements to a facility in order to close a lease. This project provides funding for capital improvements needed as part of the leasing process. Improvements financed may include, but are not limited to, electrical and plumbing upgrades, roof repairs, HVAC, structural improvements, ADA upgrades, paving, and fencing.</p> <p>Additional funding is now needed for various urgent repairs and improvements to Pier 19/23 that the Port has recently taken over management of from the Foreign Trade Zone. Funding is also available for capital improvements to facilitate leasing at other sites, as needed.</p>
Waterfront Sewer Pump Project, Phase II	\$100,000	<p>This project will fund the purchase of electric motors, pump, and controls, and related parts & supplies need to: i) repair sewer pumps currently in use along the Port's waterfront; and ii) build a set of backup sewer pumps.</p> <p>Many of the Port's sewer pumps are over 40 years old and beginning to fail. The Port's maintenance staff is constantly moving operating pumps between pump stations in order to maintain sewer service for our tenants and for restrooms located in public access areas. This project will help to make the Port's sewer system more dependable.</p>

Total Proposed Project Funding - Port Funds \$7,477,000

FY 2009/10 CAPITAL PROJECT BUDGETS
(Park G.O. Funds)

<u>Project Name</u>	<u>Amount</u>	<u>Description</u>
Pier 43 Bay Link Trail- Construction	\$6,334,125	<p>This project provides funding for a new public promenade in Fisherman's Wharf. Funding is also provided for: i) the removal of the existing piers and sidewalk back to the seawall; ii) the repair of the seawall; and iii) shoreline protection. A supplemental appropriation approved in October, 2008 provided \$1,315,875 in funding for site inspection, design and other soft costs. \$6,334,125 in additional funding is now needed for construction of the promenade and related improvements.</p> <p>Building a new public promenade in the heart of Fisherman's Wharf will enhance the quality of the pedestrian experience, and provide for an open space destination. The Promenade will also close a gap in the San Francisco Bay Trail.</p>
Brannan Street Wharf Park - Construction	\$2,941,050	<p>This project completes the funding needed for the construction of a 57,000 square foot over-water, pile supported public plaza to be located adjacent to the Embarcadero Promenade between Pier 30/32 and Pier 38. [Port funds in the amount of \$17,637,525, including interest earnings through December 2008, will provide the remaining funds needed for the construction of this plaza.] The plaza will include a neighborhood green space, a public float for small boats, and seating and picnic areas.</p> <p>This project fulfills the San Francisco Waterfront Land Use Plan's goal of attracting people to the waterfront, and policies in the Waterfront Design & Access Element document requiring the construction of a major new open space at this location.</p>
Bayfront Park - Construction	\$2,518,937	<p>This project provides funding for the rebuilding of approximately 1,000 linear feet of bay shore and slope from the Pier 52 parking lot to Agua Vista Park. A supplemental appropriation approved in October 2008 provided \$431,063 in funding for design of the improvements. \$2,518,937 in additional funding is now needed for construction of the bay shore and slope.</p> <p>This project will allow Catellus to develop and construct the planned Bayfront Park to the water's edge. This park will provide an important open space in the San Francisco Mission Bay area.</p>

FY 2009/10 CAPITAL PROJECT BUDGETS (cont)
(Park G.O. Funds)

Project Name	Amount	Description
Blue Greenway Projects Design	\$1,763,250	This project will provide the funds necessary for the first phase of the development and construction of a series of open space improvements identified by the City's 2006 Blue-Greenway Task force.
		A supplemental appropriation approved in October 2008 provided \$770,000 in initial funding for this project. \$1,763,250 in additional funding is now needed to begin the implementation (design development and construction drawings) of Blue Greenway projects that are identified through the Port led community planning process for the Blue Greenway Planning and Design Guidelines that will be initiated in February 2009.
		Construction of Blue Greenway open space improvements will benefit the City's southern neighborhoods, and continue public waterfront access into the Port's Southern Waterfront area.

Total Proposed Project Funding -
Park G.O. Bonds

\$13,557,362

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-08

WHEREAS, The Port has available funds for capital projects in the amount of \$7,477,000 held in its Operating Fund which is derived from the 2007/08 fiscal year end fund balance; and

WHEREAS, \$13,557,362 in funding from the second issuance of the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond will be available for Port waterfront park capital projects; and

WHEREAS, Port staff has identified the following capital projects which warrant the allocation of \$7,477,000 in Port funding for Fiscal Year 2009/10:

Pier 45 Fender & Camels Project
Pier 35 Bathrooms Project
Roundhouse Paint, Weatherproofing and Window Upgrade
Pier 50 Maintenance Covered Material Sheds
Pier 80 Crane Painting & Upgrade Project
Illinois Street Bridge Funding Replacement
Dredge Materials Testing – FY 2009/10 Program
Maintenance Dredging – FY 2009/10 Program
Port ADA Transition Plan – FY 2009/10 Program
Utilities Project – FY 2009/10 Program
Pier Structures Repair Project, Phase II
Leasing Capital Improvement Project – FY 2009/10 Program
Waterfront Sewer Pump Project, Phase II; and

WHEREAS, Port staff has identified the following waterfront park capital projects for Fiscal Year 2009/10 which warrant \$13,557,362 in funding from the second issuance of the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond:

Pier 43 Bay Link Trail - Construction
Brannan Street Wharf Park – Construction
Bayfront Park – Construction
Blue-Greenway Projects - Design;

Now, therefore, be it

- RESOLVED, That the Port Commission hereby authorizes the funding of \$7,477,000 from the Operating Fund, and \$13,557,362 from the second issuance of the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond to fund these projects which have been designated as having high priority; and, be it further
- RESOLVED, That the Port Commission hereby approves the FY 2009/10 Capital Project Budget in the amount of \$21,034,362 as developed by staff and attached to the staff report dated February 17, 2009 accompanying this resolution; and, be it further
- RESOLVED, That staff is directed to submit the FY 2009/10 Capital Project Budget in the amount of \$21,034,362 to Mayor Gavin Newsom and the Board of Supervisors for approval; and, be it further
- RESOLVED, That after the FY 2009/10 Capital Project Budget has been approved by Mayor Newsom and the Board of Supervisors, staff will return to the Port Commission to report on the adopted Capital Project Budget, and detail any changes made by staff, the Mayor, or the Board of Supervisors for the Port Commission's approval.

I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of February 24, 2009.


Secretary



MEMORANDUM

February 18, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: The Port's 10-Year Capital Plan FY 2009-18 Update

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Background

As required by the City's Administrative Code 2.30 – 2.31, Port staff updated its comprehensive 10-Year Capital Plan to address the Port's outstanding capital needs which is due to Mayor Gavin Newsom and the Board of Supervisors on March 1, 2009 and is expected to be adopted through Board of Supervisors legislation by May 1, 2009. As required, Port staff submitted a draft plan to the City on December 23, 2008. The schedule of needs and funding sources included with the Port's draft plan submitted to the City is attached to this report. The Port's internal version of the 10-Year Capital Plan, which accompanies this staff report, is a more detailed version of the Port's draft submission to the City's FY 2009-18 Capital Plan.

Overview

The Port's first 10-Year Capital Plan issued in spring 2006 demonstrated the magnitude of the Port's financial challenges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – was insufficient to the task. Without new public sources of funding, private sector investment in the Port will not succeed in revitalizing the Port and its historic structures.

This Print Covers Calendar Item No. 8C

However, since 2006, Port staff and the Port Commission have been laying the groundwork for a new approach to financing waterfront improvements.

The proposed 10-year capital plan identifies a total need of approximately \$2 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is approximately \$140 million greater than the \$1.86 billion identified in the Port's FY 2008-09 10-year Capital Plan. This increase is primarily the result of the 6% annual cost escalation used by the City and County of San Francisco (CCSF) and incorporated into this plan.

The largest element of the Port's Plan is the rehabilitation and redevelopment of the heavily blighted Pier 70 area, with an estimated need of approximately \$650 million for that area. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of an open space park area near the water's edge.

Of the \$2 billion in total need, the Port has identified a total of \$650 million in funding including: Port tenant obligations, the Port's operating budget, revenue bonds, development projects, Infrastructure Financing District bonds, and General Obligation bonds. While Port staff hope that much of this work can be completed through private development, much of it must be completed with other sources of funding in order to attract private development interest and funding. The Port has developed policy options to address the unfunded portion of its plan including use of grant funds, tax increment financing, and potential private development options.

In November 2008, San Francisco's voters approved Proposition D which provides an option for the Board of Supervisors to capture 75% of the payroll and hotel tax increment generated by future Pier 70 development to help fund Pier 70's immense public infrastructure and improvements. As a precondition to accessing that funding, the Port must demonstrate that its lease revenues and property tax increment are insufficient to fund all public costs. Proposition D will also facilitate developing Pier 70 by reducing the entitlement risk associated with the number of discretionary approvals the Port's development projects must currently secure. Specifically, Proposition D allows the Board of Supervisors to waive the final approval of the Pier 70 lease if it approves the Pier 70 development plan and zoning at the outset of the project(s). However, each of these options will require significant staff time to develop and implement, and each will require support from City's policymakers.

At this time, the Port's revenue projections are based on the assumption that new private development at SWL 337 will result 1) in new lease revenues which will allow the Port to issue revenue bonds, as well as 2) an increased value to the property, which will allow the Port to issue IFD bonds. These assumptions would provide the Port with up to \$130 million in bond funds.

Summary of Changes – Financing Plan

The primary financing change from the prior year's capital plan is Shorenstein/Farallon's withdrawal from the Piers 27-31 development project.

The other significant difference to the Port's capital plan is a more complete list of projects Port staff recommend to be funded through Port revenue bond funds, the first issuance of which will hopefully take place in late summer or early fall of 2009. On June 30, 2009 the Port will repay its existing revenue bond debt which will allow the Port to issue new revenue bonds for the first time in 25 years. By repaying the Port's existing revenue bond, the Port will have \$4.5 million annually to leverage for new debt. Assuming a 30-year bond at 5.35% interest rate, that \$4.5 million will leverage a \$60 million bond. As such, the Port's 10-year Capital Plan programs a \$60 million revenue bond in FY 2009-10. It is possible that the Port will be able to issue additional revenue bonds in a few more years when the economy rebounds and/or the Port's revenues sufficiently increase. In case that happens, the Port's 10-year Capital Plan includes \$39 million in Port revenue bonds in FY 2011-12 for a total of \$99 million in Port revenue bonds.

Subject to Port Commission, Mayor, and Board of Supervisors approval, Port staff propose to make improvements to the following Port facilities in order of priority with the \$99 million in Port revenue bond funds:

Port Revenue Bond Projects*

<u>Project</u>	<u>Revenue Bond – Base Port Revenues</u>
Piers 19 or 23 (1)	\$18,000,000
Backlands Improvements	8,000,000
Pier 27 Cruise Terminal	20,000,000
Piers 33 and 35	2,000,000
Pier 50	20,000,000
Wharf J9	5,000,000
Pier 19 (1)	9,000,000
Agriculture Building	5,000,000
Fisherman's Wharf Fuel	1,500,000
Dock Repairs	
Misc. Utilities	3,000,000
Pier 80 & Rail Improvements	7,500,000
Total	\$99,000,000

*Subject to actual debt capacity, Port Commission approval, Mayor approval, and Board of Supervisors approval.

(1) If Pier 23 is selected for repairs and renovations the total of which is \$18 million then the Port will repair the roof and aprons at Pier 19 estimated to cost \$9 million. If Pier 19 is selected to receive the \$18 million for repairs and renovations, then the combined \$27 million allocation (\$18 million plus \$9 million) will cover the majority of repairs required at Pier 19.

The actual revenue bond will depend on the amount of Port revenues available at the time of issuance to repay debt, interest rates, and on policies adopted by the Port Commission.

The projects in the table above were prioritized based on whether the project will (1) address a public safety issue, (2) generate and/or protect existing revenues for the Port, (3) leverage other revenues, and (4) begin in FY 2009-10.

The proposed revenue bond can also be considered part of the City's economic stimulus package. We estimate that delivering these projects will help (1) create almost 890 jobs through design and construction contracts, (2) prevent lay-offs of City employees through using the Department of Public Works for design and/or construction management services, (3) generate \$1 million in on-going General Fund revenues through new uses of under-utilized Port facilities, (4) continue the City's efforts to revitalize its waterfront, and (5) generate \$6 million in new, annualized lease revenues for the Port.

Conclusion

The Port's 10-year capital plan continues to evolve since its inception three years ago. The Port has used the information that the plan generates to develop and implement several legislative and financing strategies to help redevelop the City's waterfront, fulfill its public trust mission, and reconnect the City with its waterfront. To that end, we have secured two significant pieces of state legislation: one that allows the City to capture tax increment from the Port's development projects and the other that lifted the public trust designation from some of the Port's seawall lots south of the Bay Bridge. We have also been successful in securing San Francisco voters support of \$33.5 million in General Obligation bonds to build waterfront parks. In addition, San Francisco's voters recently approved Proposition D that provides two new tools to develop Pier 70: (1) an option for the Board of Supervisors to approve a Pier 70 plan in lieu of individual lease approvals; and (2) an optional new financing tool that allows the Port to capture 75% of the payroll and hotel tax increment generated by the Pier 70 development to help fund waterfront parks, marine terminals, environmental remediation, historic rehabilitation, and utility infrastructure.

In FY 2009-10 the Port will issue its first revenue bond in 25 years that will help repair Port facilities improving the safety of the Port as well as enhancing its revenues.

Port Commission Action

Port staff seek Port Commission adoption of the Port's 10-Year Capital Plan, FY 2009-18 Update.

Prepared by: Tina Olson, Deputy Director
Finance and Administration
and
Daley Dunham, Principal Administrative Analyst

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

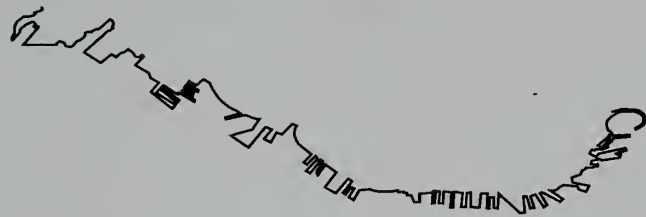
RESOLUTION NO. 09-09

- WHEREAS, San Francisco's Administrative Code 2.30 – 2.31 requires City departments to submit a 10-year capital plan to Mayor Gavin Newsom and the Board of Supervisors by March 1st each year; and
- WHEREAS, in 2006, the Port of San Francisco completed a 10-year Capital Plan that assessed the Port's capital needs including a review of 39 pile-supported pier structures, 80 substructures including marginal wharfs connecting the piers, 245 commercial and industrial buildings, over three miles of streets and sidewalks, as well as elements of the utility infrastructure that supports them; and
- WHEREAS, in 2009, the Port has updated its 10-year Capital Plan which identifies \$2 billion in required repairs and seismic upgrades over the next 10 years; and
- WHEREAS, the Port's 10-year Capital Plan identifies \$650 million to fund those repairs and seismic upgrades over the next 10 years through the Port's tenants, development projects, the Port's annual budget, revenue bonds, general obligation bonds and infrastructure financing district bonds, leaving \$1.35 billion unfunded in 2019; and
- WHEREAS, the Port will update this 10-year capital plan annually to reflect changes in the condition of the Port's facilities as well as changes in budget and financing assumptions; and, now therefore be it
- RESOLVED, that the Port Commission adopts the Port's 10-year Capital Plan; and be it further
- RESOLVED, that the Port Commission authorizes and directs the Executive Director of the Port to submit the Port's 10-year Capital Plan to Mayor Gavin Newsom and the Board of Supervisors by March 1, 2009.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 24, 2009.

Secretary

Port of San Francisco



10-Year Capital Plan

FY 2009-18 Update

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I. Executive Summary

All of the piers currently in use by the Port or Port tenants were originally constructed around 100 years ago. Of those, only nine have been rehabilitated since 1950, including AT&T Ballpark, the Ferry Building, Pier 1, Piers 1½, 3 & 5, Pier 27, Pier 39, Pier 45, Pier 48, and Pier 80. Most of the buildings atop the Port's piers are 40 to 100 years old, making many of them historically significant structures. In recognition of this significance, the National Park Service designated the northeast waterfront, from Pier 45 in the north to Pier 48, as the Embarcadero National Register Historic District. This district includes 20 historic piers as well as eight other structures of historic significance. The Pier 70 area also includes 35 buildings and many other features recognized to be of historical significance. The Port is in conversation with the National Park Service regarding the designation of a portion of the Pier 70 area as a National Register Historic District.

The southern approach to the Illinois Street Bridge was completed in the spring of 2008. The bridge provides added rail access to allow the Port to better market cargo facilities at Pier 80 to prospective clients. Additionally, construction of the Rincon Restaurants, located south of Rincon Park near Pier 22½, was completed in January 2008. Finally, the Port completed the Public Boat Ramp project at Pier 52 in June 2008.

The FY 2009-18 update of the Port's 10-year capital plan identifies a total need of approximately \$2 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities (see chart at right). This is approximately \$140 million greater than the approximately \$1.86 billion identified in the Port's FY 2008-09 update. This increase is primarily the result of the 6% annual cost escalation used by the City and County of San Francisco (CCSF), which has been incorporated into this plan.

The City Charter requires all Departments of CCSF to generate a 10-year Capital Plan and update it annually. The City's capital planning program collates the submission of all departments annually into the City's Capital Plan. As required by City law, the Port submitted a draft FY 2009-18 Capital Plan update to the City in December of 2008. This report is a more detailed version of that submission.

A summary of the changes over the last year is as follows:

Changes in Dollars

FY 08-17 Total	\$1,865,000,000
6% Cost Escalation	112,000,000
Revised / Updated Cost Estimates	<u>30,000,000</u>
	\$2,007,000,000

Of the \$2 billion in total need, the Port has identified a total of \$650 million in funding including: Port tenant obligations, the Port's annual operating budget, revenue bonds, development projects, Infrastructure Financing District bonds, and General Obligation bonds. The largest element of the Port's Plan is the rehabilitation and redevelopment of

the heavily blighted Pier 70 area, with an estimated need of approximately \$650 million for that area. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of an open space park area near the water's edge. While Port staff hope that much of this work can be completed through private development, much of it must be completed with other sources of funding in order to attract private development interest and funding.

The Port has developed policy options to address the unfunded portion of its plan including use of grant funds, tax increment financing and potential private development options. In November 2008, San Francisco's voters approved Proposition D which provides an option for the Board of Supervisors to capture 75% of the payroll and hotel tax increment generated by future Pier 70 development to help fund Pier 70's immense public infrastructure and improvements. As a precondition to accessing that funding, the Port must demonstrate that its lease revenues and property tax increment are insufficient to fund all public costs. Proposition D will also facilitate developing Pier 70 by reducing the entitlement risk associated with the number of discretionary approvals the Port's development projects must currently secure. Specifically, Proposition D allows the Board of Supervisors to waive the final approval of the Pier 70 lease if it approves the Pier 70 development plan and zoning at the outset of the project(s). However, each of these options will require significant staff time to develop and implement, and each will require support from City's policymakers.

At this time, the Port's revenue projections are based on the assumption that new private development at SWL 337 will result 1) in new lease revenues which will allow the Port to issue revenue bonds, as well as 2) an increased value to the property, which will allow the Port to issue IFD bonds. These assumptions would provide the Port with up to \$130 million in bond funds.

In conclusion, the Port's newfound ability to utilize the public resources of Infrastructure Finance Districts and other tax increment financing facilitated by Proposition D, a SWL 337 disencumbered by SB 815 from public-trust restrictions, and inclusion in a City General Obligation Bond constitutes a beginning to a more financially sound and sustainable Port of San Francisco.

II. Summary of Changes

A summary of the changes over the last year is as follows:

Changes in Dollars

FY 08-17 Total	\$1,865,000,000
6% Cost Escalation	112,000,000
Revised / Updated Cost Estimates	<u>30,000,000</u>
	\$2,007,000,000

Broken down by Port region, capital need increased across the Port as follows:

<u>Port Region</u>	<u>2008 Total</u>	<u>2009 Total</u>	<u>Difference</u>	<u>Increase</u>
China Basin	\$127,474	\$134,827	\$7,353	5.77%
Ferry Building	82,437	90,827	8,390	10.18%
Fishermans Wharf	104,718	107,810	3,092	2.95%
Northeast Waterfront	363,562	391,914	28,352	7.80%
Portwide	284,960	323,658	38,698	13.58%
Southbeach	292,709	310,296	17,587	6.01%
Southern Waterfront	<u>610,111</u>	<u>647,990</u>	<u>37,879</u>	6.21%
	\$1,865,971	\$2,007,322	\$141,351	7.58%

As of last year, the Port has been treating piers and wharves collectively as infrastructure. The treatment of these structures then, as a group, is similar to how a city would treat a system of utility mains. Instead of maintaining each piece of the system individually, an amount of funding is programmed each year to repair or replace elements that become damaged by external events, as well as elements that become the weakest part of the overall system. This is in part because infrastructure elements, unlike building subsystems (electrical systems, HVAC systems) are not mechanical in nature, and thus have a much longer lifespan. In addition, because of these long life spans, differential wear-and-tear of the Port's substructure elements is difficult to predict.

As the Port was not able to commit any capital funds to pier and wharf substructure renewal over the past year, the schedule this year reflects the 2008 investment amount, \$21.6 million, as part of the 2009 backlog. Until such time as the Port is in a position to commit funding to this line item, that backlog will continue to grow in successive years. This movement of foregone capital expenditure into backlog is reflected in the increase of 13.58% in the "Portwide" line item above.

III. Schedule of Expenses / Needs Assessment

Port Facilities and Infrastructure

Facility / Program Needs Facilities, by Region											
Fisherman's Wharf	82,149	996	256	652	2,076	10,102	11,579	107,810			
Northeast Waterfront	343,249	7,199	498	363	0	11,503	29,102	391,914			
Ferry Building Area	77,447	654	248	0	681	4,724	7,073	90,827			
South Beach	298,627	2,534	0	653	3,394	230	4,859	310,297			
China Basin	127,820	1,755	0	0	0	1,685	3,567	134,827			
Southern Waterfront	589,863	6,236	25	2,188	0	950	48,728	647,990			
Portwide Misc. (Equipment, ADA Plan)	13,354	0	0	0	0	0	0	13,354			
Subtotal:	1,532,509	19,374	1,027	3,856	6,151	29,194	104,908	1,697,019			
Portwide Annual Programs											
Dredging	3,000	3,000	3,000	3,000	3,000	3,000	15,000	30,000			
Facility Condition Survey	339	339	339	339	339	339	1,696	3,392			
Emergency Facility Repair	1,129	1,129	1,129	1,129	1,129	1,129	5,644	11,288			
Special Area Plan	1,065	1,065	1,065	1,065	1,065	1,065	5,324	10,647			
Pier/Wharf Substructure Reinvestment	21,600	22,680	22,680	22,680	22,680	23,814	118,844	254,978			
Subtotal:	28,213	28,213	28,213	28,213	28,213	29,347	146,507	310,304			
Total Additional Need:	47,587	29,240	34,364	32,069	34,364	58,541	251,415				
Total Cumulative Need:	1,554,109	1,601,696	1,630,935	1,663,004	1,697,367	1,755,908	2,007,323				

Funding Sources											
Port Tenant Responsibility		2010	2011	2012	2013	2014	2015-19	Total			
Port Funds		25,078	20,000	7,478	7,478	7,478	71,014	71,014			
Port Revenue Bonds		60,000	39,000				37,390	104,902			
Development Projects			75,796				65,000	164,000			
Infrastructure Finance District								75,796			
General Obligation Bonds		12,400	17,200				205,000	205,000			
Total Additional Funding:		97,478	151,996	7,478	7,478	7,478	378,404	29,600			
Total Cumulative Funding:		97,478	249,474	256,952	264,430	271,908	650,312				
Balance:		(1,504,218)	(1,381,461)	(1,406,052)	(1,432,937)	(1,484,000)	(1,357,011)				

Just over \$1 billion, or approximately 50% of the overall need identified in the Port's 10-year capital plan, addresses renewal and repair of existing facilities or deferred maintenance. Of the \$650 million that the Port proposes to fund in the 10-year capital plan, approximately \$333 million are allocated to renewal projects.

Much of this consists of funds to address the Port's facility-specific backlog, largely non-seismic substructure pier and building repairs. Also included are street resurfacing and sewer repair projects. Some of these repairs will be funded by Port tenants as required in their leases. Other repairs will be covered by the Port through its annual operating budget. Some of the balance will be covered by development projects and Port revenue bonds, discussed in detail in the subsequent Enhancement Program sections.

The Portwide Annual Programs that are funded in the Port's annual capital budgets include (1) dredging of the bay floor along the waterfront, which maintains the depth of the berths at the Port's piers so that they remain suitable for water traffic, (2) facility condition surveys, which allow the Port to evaluate the state of the Port's structures on a continuous basis and in an organized manner, and (3) emergency facility repair, a set-aside of funds for unforeseen situations, available for the most pressing capital needs in subsequent years if the programmed year remains emergency-free.

The Port funds various open space improvements or mandated mitigations (such as the Brannan Street Wharf at Pier 36) under the Special Area Plan Open Space program as funding opportunities become available. The Port proposes to fund part of these projects with land sale proceeds, Port operating revenues, and General Obligation bond funds.

Because of the sheer magnitude of the Port's remaining Annual Program, the Pier/Wharf Substructure Reinvestment program, for the moment, receives little, if any, funding. The Port should reinvest back into the Port's pier substructures 0.75% of the value of those substructures, each year¹. Unfortunately, because of the cost to do so, the Port has been unable to make the necessary investments to maintain the Port's substructures in good repair.

For a detailed breakdown of costs in the schedule above, see Appendix A to this report. A further breakdown of projects within each building is available upon request.

It is important to note that, as with prior reports and in keeping with capital planning convention, the backlog costs have been estimated in 2009 dollars, and are not escalated to the anticipated project date.

¹ The level of need is calculated based on the cyclical replacement of portions of pier substructures, based on construction type and exposure to tidal action. For example, Port engineers estimate that the Port should rehabilitate 15% of the Port's pre-1920's era concrete piers every 20 years.

IV. Proposed Funding

Port staff proposes --and the Port Commission will eventually make decisions regarding-- a total investment of \$650 million in the ten-year capital plan. These investments consist of \$164 million in Port Revenue Bonds, \$205 million in Infrastructure Finance District (IFD) Bonds, \$29.6 million in General Obligation Bonds, funds from the Port's operating budget, and private funds from Port tenant obligations and proposed development partners. These sources will fund improvements, including many seismic upgrades, to the following Port facilities: the Agriculture Building; Piers 15 & 17, where the Exploratorium is planning to relocate, pending major renovation; Piers 19 and 23; Piers 9, 33 & 35; Pier 27, which will house the Port's cruise terminal; rail and tunnel improvements; Pier 50, home to the Port's Maintenance Division; Pier 70; Pier 80, the Port's primary cargo facility; the seawall and Backlands area at Piers 90-96; and various open space improvements along the waterfront. The proposed \$650 million in funding over the next ten years is \$154 million less than the \$804 million proposed in the Port's FY 2008-09 10-year Capital Plan. The \$154 million difference is due to the developer withdrawing from the Piers 27-31 project thus leaving the repair and seismic upgrade work unfunded for Piers 29 and 31. As noted above and discussed in more detail below, the Port intends to repair and upgrade Pier 27 to reuse it as the Port's primary cruise terminal.

Port Revenue Bond Projects

The Port anticipates issuing up to \$164 million in revenue bonds by FY 2018-19. Structures were selected by Port staff for Revenue Bond funding based on whether or not the facility (1) is currently profitable, (2) has the potential to be more profitable, because it is under-utilized, (3) has potential to be more profitable, because it has a lease set to expire in the next 10-years, allowing the Port to improve the property and increase rents once the property is ready to be re-leased, or (4) is critical to supporting the Port's operations. The \$99 million in projects to be funded under Base Port Revenues reflects an optimal level of revenue bond financing. The actual revenue bond will depend on the amount of Port revenues available at the time of issuance to repay the debt, interest rates, and on policies adopted by the Port Commission.

Based on these criteria, subject to approval of policy makers, Port staff propose to make improvements to the following Port facilities with Port revenue bond funds:

Port Revenue Bond Projects*

<u>Project</u>	<u>Bond – Base Port Revenues</u>	<u>Bond – Additional SWL337 Lease Revenues</u>	<u>Total Revenue Bond Funding</u>
Agriculture Building	\$5,000,000	-	\$5,000,000
Pier 9	-	\$21,420,000	21,420,000
Piers 19-23	27,000,000	18,580,000	45,580,000
Pier 27 Cruise Terminal	20,000,000		20,000,000
Piers 33 and 35	2,000,000	25,000,000	27,000,000

Pier 50	20,000,000	-	20,000,000
Pier 80 & Rail Improvements	7,500,000	-	7,500,000
Pier 90-96 Seawall & Backlands Improvements	8,000,000	-	8,000,000
Wharf J9	5,000,000	-	5,000,000
Fisherman's Wharf Fuel Dock Repairs	1,500,000		1,500,000
Misc. Utilities	3,000,000	-	3,000,000
Total	\$99,000,000	\$65,000,000	\$164,000,000

*Subject to actual debt capacity, as well as Port Commission, Mayor and Board of Supervisors approval.

Project Descriptions:

- Agriculture Building:*** Located in the Ferry Building Area of the Port, the brick building south of the Ferry Building is currently leased through short-term leases for office space and Amtrak's San Francisco ticketing office. The Port is developing a plan to determine possible new uses for the Agriculture Building, as well as costs to renovate the facility to accommodate the new uses. The Port proposes to allocate \$5 million in revenue bonds to help cover repairs and seismic upgrades.
- Northeast Waterfront Piers - Piers 9, 33 and 35:*** In 2007, the State legislature adopted legislation (SB 815) that allows for more varied development on some of the Port's seawall lots, and allows the Port to enter into lease terms of up to 75 years (the prior maximum had been 66 years). The legislation also restricts the use of new revenue growth generated by seawall lot leases to 1) repair and seismic upgrades of historic facilities and 2) construction of open spaces required by the Special Area Plan. Seawall Lot 337 is the first development affected by the new legislation. The additional annual income associated with SWL 337 development will help the Port to leverage up to, roughly, \$65 million in revenue bonds. Piers 9, 33 and 35 will be the recipient of some of these Revenue Bond funds (Piers 19-23 to receive the balance), which will go toward seismic upgrades and long-deferred repairs.
- Pier 27 Cruise Terminal Project*** - On September 27, 2007, the Port Commission accepted the Cruise Terminal Advisory Panel's recommendation to re-locate the Port's primary cruise terminal from Pier 35 to Pier 27 because it is the most cost-effective location. The Port currently has \$19.3 million available to make the necessary improvements at Pier 27 to accommodate a cruise terminal which is substantially less than the estimated \$60 million project cost estimate. The Port proposes to allocate \$20 million in Port revenue bond proceeds to help cover the shortfall for a total of \$39.3 million available for the cruise terminal project. The Port is also undergoing an engineering evaluation to evaluate project cost alternatives and phasing opportunities based on detailed design and engineering plans. Finally, the Port is studying the possibility of using the cruise terminal as

event space during non-cruise days to generate revenues that could be used to help cover funding shortfalls.

- **Piers 19 and 23:** These piers are located near one another in the northern waterfront. They require repairs and seismic upgrades and are currently without any long-term leases. The Port will allocate revenue bonds to the piers to attract tenants willing to make tenant improvements in return for 10-year leasing for non-public trust uses and longer leases for public trust uses. The Port proposes to allocate a total of approximately \$45.6 million in revenue bond funds toward improving these facilities with the end-goal of generating increased lease revenues.
- **Pier 50:** Located in China Basin, on Terry Francois Blvd south of AT&T Ballpark, Pier 50 houses the Port's maintenance facility. The estimated need over the next 10 years totals \$50 million; the Port proposes to allocate \$20 million in revenue bond funds to seismically upgrade and repair the areas of the pier's substructure in the worse condition.
- **Pier 80 and Rail Improvements:** located in the southern waterfront near Cesar Chavez Street, Pier 80 is the Port's cargo facility, which is presently focused on bulk and break-bulk cargo operations. It is currently under-utilized. The cost of needed repairs could be covered by increased revenues if the Port is better able to market this facility. As noted earlier, the Port recently constructed the Illinois Street Bridge, which will improve freight rail access to Pier 80, improving the marketability of the facility to prospective clients. The complete cost of repairs and seismic work to Pier 80 as well as the industrial buildings at Pier 80 is estimated at \$105 million; the Port proposes to allocate \$7.5 million in revenue bond funds to cover some repairs to the pier and rail improvements required to improve cargo operations.
- **Wharf J9 Repairs:** The Port needs to replace the Wharf J-9 seawall that is required to continue use of the adjoining leased facilities for which the Port proposes to allocate \$5 million in revenue bonds.

General Obligation Bond Projects

In February 2008 San Francisco voters approved a \$185 million General Obligation bond for park and open space improvements, of which \$33.5 million has been allocated to fund or partially fund Port open space improvements across the Port's waterfront. Port projects include: a promenade at Pier 43½ in Fisherman's Wharf; the Brannan Street Wharf Park in Southbeach; Bayfront Park in the Port's China Basin region; and, in the Port's Southern Waterfront, Crane Cove Park, Warm Water Cove Park, Islais Creek, and an entrance to Heron's Head Park. In FY 2008-09, using \$3.1 million of the first bond issuance the Port initiated planning and design efforts for these projects. The 10-year

Capital Plan includes the balance of \$29.6 million to complete design efforts and to fully construct these projects.

Total G.O. Bond Park Funding Allocated to Port Projects

Total G.O. Bond Park Funding Allocated to Port Projects			
<u>Port Area</u>	<u>Proposed Park</u>	<u>Project</u>	<u>G.O. Bond Funding</u>
Fisherman's Wharf	Pier 43½ Park	Pier 43½	\$9,000,000
Southbeach	Brannon Street Wharf Park	Brannon St. Wharf	3,000,000
China Basin	Bayfront Park	Blue Greenway Project	21,000,000
Southern Waterfront	Crane Cove Park		
	Warm Water Cove Park		
	Islais Creek		
	Heron's Head Park Entrance		
		Total:	\$33,500,000

Development Projects

The Port's development projects are public-private partnership projects in which a developer enters into a lease of up to 66 years with the Port for property, secures financing and is responsible for project delivery. The Port expects the Pier 15-17 development project to begin construction in the next five years. As previously noted, cost estimates included in this Plan include only repair and replacement costs and seismic upgrades the Port would need to conduct in order to continue operating these facilities for current uses. The description below includes enhancements The Exploratorium is making to facilities to change their use; these changes go beyond the repairs, replacements, and seismic upgrades identified in the Port's 10-year capital plan, and so their costs are not included below:

- **Piers 15–17:** The Port entered into an Exclusive Negotiating Agreement (ENA) with the Exploratorium to renovate Piers 15-17 and relocate the Exploratorium museum there from its current location at the Palace of Fine Arts. During the past several years, the museum has been looking for a new home to accommodate its expanding needs. The Exploratorium proposes to lease Pier 15 under a long-term lease and develop it for museum and ancillary uses, with the idea of expanding into Pier 17 in later years. Piers 15 and 17 are located in the Northeast Waterfront on The Embarcadero at Green Street. The Port's 10-year capital plan estimates the cost of the rehabilitation and seismic upgrade of Piers 15 and 17 to be approximately \$65 million.

Port Infrastructure Financing District (IFD)

The State recently adopted legislation that allows the City to create an Infrastructure Financing District (IFD) within the Port's jurisdiction. This alternative method of collecting property tax increment is a useful financing tool for the Port. The Port

anticipates having a total of \$205 million in IFD Bond funds available for a variety of projects, including Pier 70 improvements and other southern waterfront improvements. While some IFD Bond funding will be used by the Port for independent rehabilitation of facilities, other IFD Bond funds will be used as the Port's investment in larger public-private developments. Port staff have identified the Agriculture Building, and Piers 33 and 35 as candidates for IFD Bond funding.

Infrastructure Finance District Bond Projects*

<u>Project</u>	<u>Tax Increment</u> <u>IFD Bond</u>	<u>Additional</u> <u>SWL337 Tax</u> <u>Increment IFD</u> <u>Bond</u>	<u>Total IFD</u> <u>Bond Funding</u>
Pier 70 – Infrastructure	40,000,000	-	40,000,000
Pier 70 – Environmental	30,000,000	-	30,000,000
Pier 70 – Open Space	20,000,000	-	20,000,000
Pier 70 – Piers and Wharves	50,000,000	-	50,000,000
Pier 70 – UIW Building	-	\$45,000,000	45,000,000
Islais Creek	-	4,000,000	4,000,000
Blue Greenway	-	16,000,000	16,000,000
Total	\$140,000,000	\$65,000,000	\$205,000,000

*Subject to actual debt capacity, as well as Port Commission, Mayor and Board of Supervisors approval.

Pier 70 Improvements (Southern Waterfront): The Capital Plan identifies a total of approximately \$525 million related to the Pier 70 complex including: environmental remediation, constructing and reconstructing streets, sidewalks, street lighting, and sewer and water system, open space development, historic building preservation and reuse of a portion of the site, principally along the main 20th Street stretching to the waterfront. Long a ship-building and ship-repair site, Pier 70 now houses the most important collection of historic industrial buildings west of The Mississippi. Unfortunately, owing to age, type of construction, deterioration, lack of code compliance and absence of site utilities and other infrastructure, most of the 35 buildings on the site are not used; only a few are leased.

The Port is creating a master plan that includes: 1) a survey of the historic resources and development of preservation options, and 2) an economic and planning feasibility analysis with development options for Pier 70. We expect to complete this master plan by Spring 2009 and to issue a development RFP for Pier 70 in the Summer 2009.

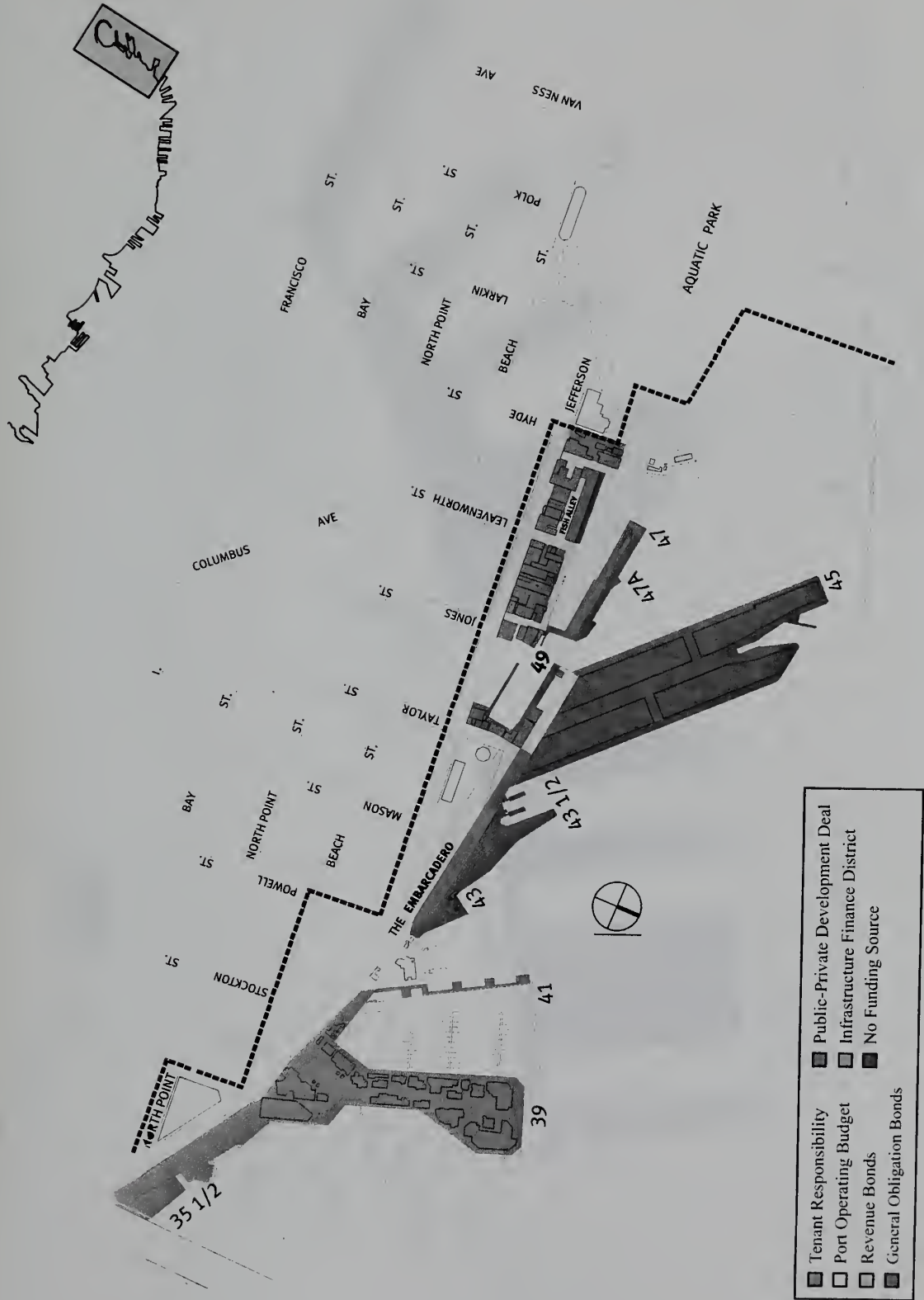
The project envisions bringing most, but not all, of the historic buildings and artifacts (fences, cranes) up to current code, repairing or replacing all building utilities and building systems, but not adding new square footage. Work would be done to meet the standards of the U.S. Secretary of the Department of Interior in keeping with the buildings' eligibility for the National Register of Historic Places.

The Port's 10-year capital plan programs \$140 million in IFD Bond funds to cover Pier 70 campus infrastructure costs, which consist of \$40 million to construct streets, sewers,

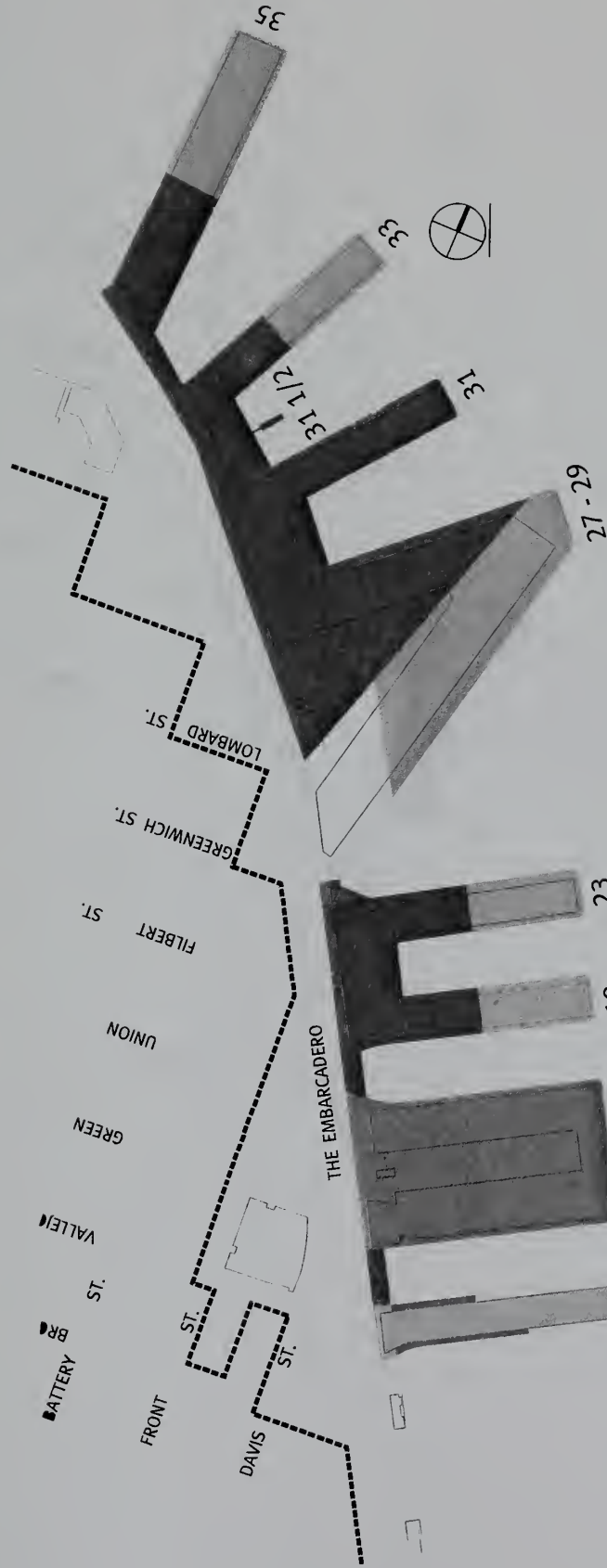
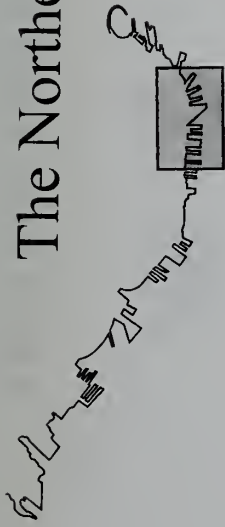
water mains, sidewalks, and street lighting, approximately \$30 million to conduct environmental clean-up, \$20 million to make needed open space improvements, and \$50 million to repair and upgrade wharves and piers. The Port should be better able to redevelop Pier 70 to viable reuses if it can invest public funds in the project.

The Port is anticipating programming an additional \$45 million in IFD bond funding from the tax increment generated by Seawall Lot (SWL) 337 to restore Pier 70's flagship structure, the Union Iron Works Building, for a future public use. As previously noted, the Port recently received a proposal to develop SWL 337 as a mixed use development that will allow the Port to issue IFD bonds at some point in the future.

Fisherman's Wharf



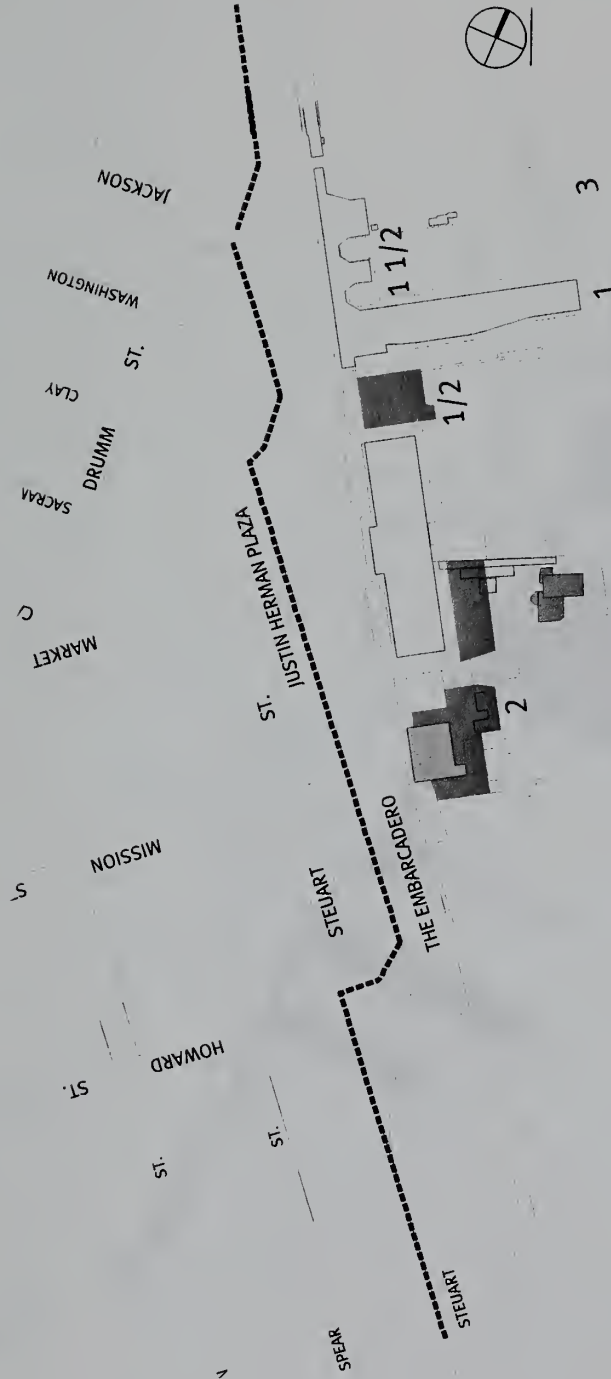
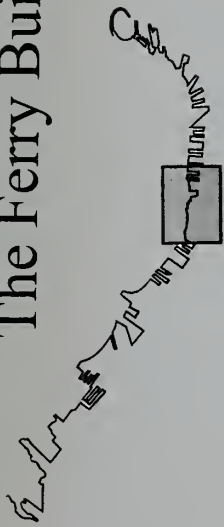
The Northeast Waterfront



■	Tenant Responsibility	■	Public-Private Development Deal
□	Port Operating Budget	□	Infrastructure Finance District
■	Revenue Bonds	■	No Funding Source
■	General Obligation Bonds		

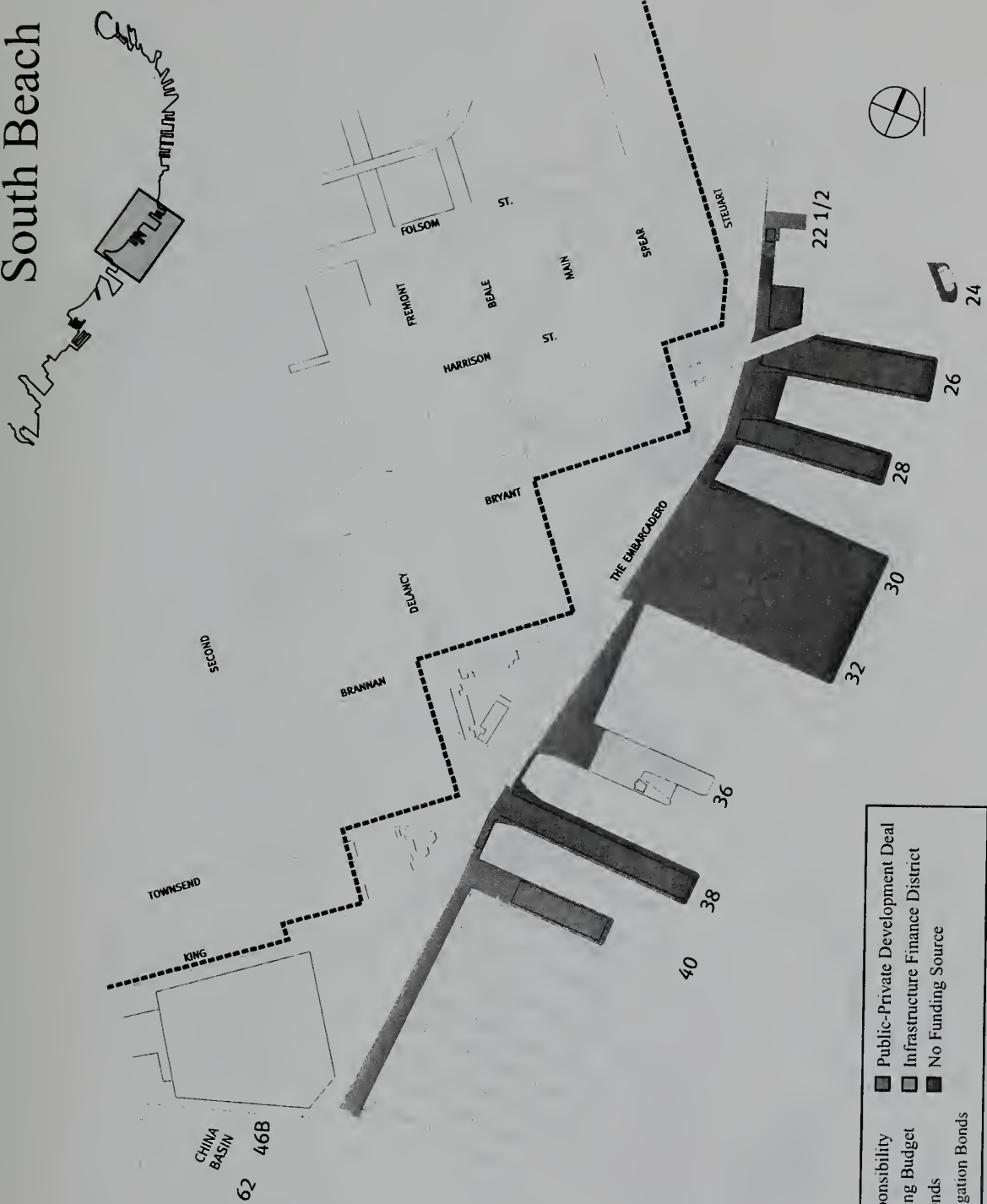
SAN FRANCISCO BAY

The Ferry Building Area



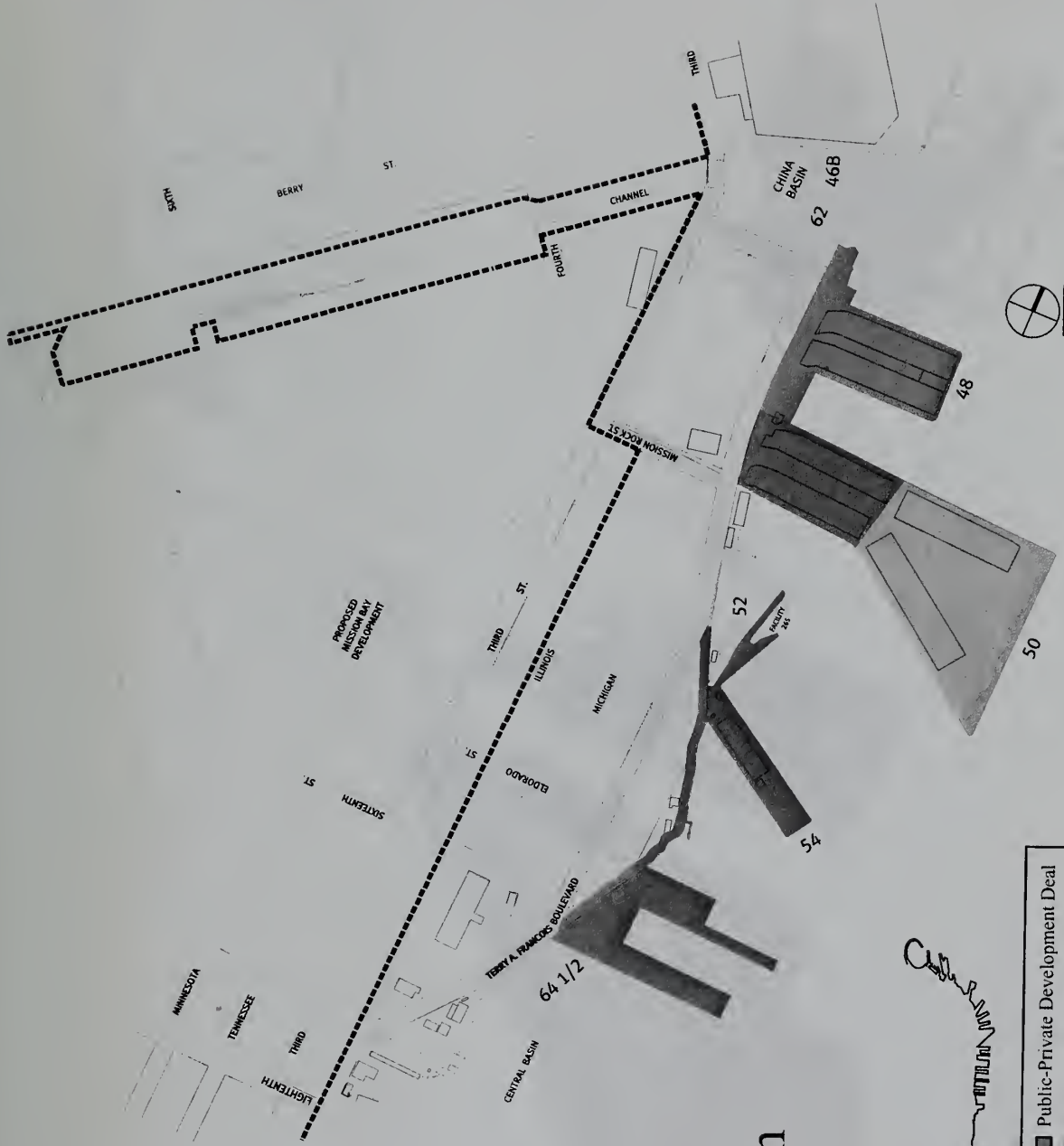
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<input type="checkbox"/> Revenue Bonds	<input checked="" type="checkbox"/> No Funding Source
<input type="checkbox"/> General Obligation Bonds	

South Beach



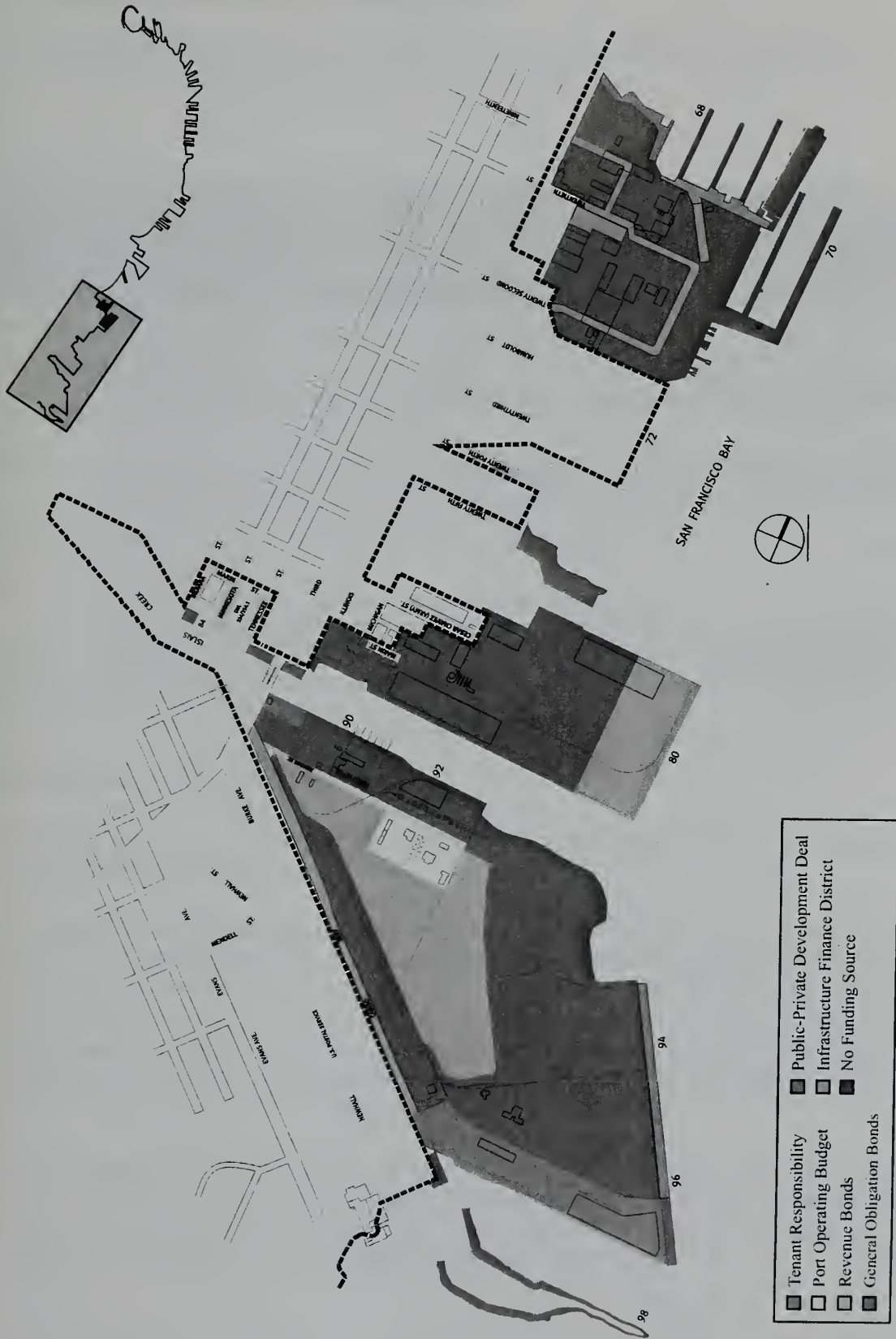
Tenant Responsibility	Public-Private Development Deal
Port Operating Budget	Infrastructure Finance District
Revenue Bonds	No Funding Source
General Obligation Bonds	

China Basin



- | | |
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| <input type="checkbox"/> Port Operating Budget | <input type="checkbox"/> Infrastructure Finance District |
| <input type="checkbox"/> Revenue Bonds | <input type="checkbox"/> No Funding Source |
| <input checked="" type="checkbox"/> General Obligation Bonds | |

The Southern Waterfront



V. Unfunded (Deferred) and Emerging Needs

The Port's proposed ten-year capital plan defers a total of \$1.2 billion in needs. The most significant deferred projects include the following Port facilities:

Unfunded Projects

		Unfunded Portion to Repair & Seismically Upgrade
Region	Port Facility	
Northeast Waterfront	Pier 31, office and warehouse space, pier substructure	\$22,500,000
South Beach	Pier 26, office and warehouse space, pier substructure	46,300,000
	Pier 28, office and warehouse space, pier substructure	31,000,000
	Pier 38, maritime recreation facility near South Beach Harbor	46,900,000
China Basin	Pier 50, Shed D, the Port's Maintenance Facility, pier substructure	17,200,000
	Pier 54, office and warehouse space, pier substructure	38,400,000
Southern Waterfront	Pier 70 Campus, contains a vast array of historic structures	297,000,000
	Pier 80 Cargo Facility	69,700,000

Funding Options for Deferred Projects

- (a) **Grant Funds** – The Port may be able to secure grant funding for its open space and transportation projects.
- (b) **Public/Private Partnerships** – The Port believes Pier 33, Pier 35, Pier 26, and Pier 70 are good candidates for future development projects. However, it has not issued RFPs nor has it secured approvals from various state agencies such as the State Lands Commission and San Francisco Bay Conservation and Development Commission (BCDC) for project scopes. Thus, while the Port has identified these facilities as potential development projects, it is premature to conclude that they will be repaired and upgraded by a developer.
- (c) **No Identified Funding Options** – If the Port is unable to identify a funding source or a developer to repair and seismically upgrade these facilities, it will eventually need to close the facilities and demolish them (if it can secure funds for demolition) or allow them to deteriorate and fall into the bay.

VI. Conclusions

The Port's first 10-Year Capital Plan, issued in the spring of 2006, demonstrated the magnitude of the Port's financial challenges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – is insufficient to the task. Without new public sources of funding, private sector investment alone in the Port will not succeed in revitalizing the Port and its historic structures.

However, since 2006, Port staff and the Port Commission, with support of Mayor Gavin Newsom and the Board of Supervisors, have been laying the groundwork for an enhanced approach to financing waterfront improvements.

In 2005, the Port won passage of SB 1085, permitting the establishment of Infrastructure Financing Districts on Port property, allowing the capture of future property tax increment. And in 2007, the Port won passage of SB 815, lifting “public trust” use restrictions on four of the Port's seawall lots (337, 328, 330, and 347S), the largest of which – Lot A, SWL 337, in Mission Bay – is approximately 14 acres.

Development of a portion of SWL 337 free of public trust use restrictions promises to yield the most significant increase in rental income and capital investment the Port has seen in many years. SB 815 requires that net proceeds from leasing at this site be spent on preservation of historic resources on Port property or waterfront open space pursuant to the San Francisco Bay Conservation and Development Commission (BCDC) Special Area Plan for the San Francisco Waterfront.

The combination of these tools (SB 1085 and SB 815) will allow the Port to leverage development of SWL 337 into improvements throughout the waterfront. Consensus regarding the final development plan for SWL 337 and an expenditure plan for a Southern Waterfront Infrastructure Financing District (including SWL 337) will yield these improvements by 2021-22.

In an historic, first time ever contribution of public tax dollars to the Port, Proposition A on the February 2008 San Francisco Ballot was approved by a margin of 71.66% (Yes) to 28.34% (No). As a result, \$33.5 million in waterfront open space projects –projects that serve the public good– will be moving forward.

Finally, in November 2008, the City's voters approved Proposition D that provides two new tools to develop Pier 70: (1) an option for the Board of Supervisors to approve a Pier 70 plan in lieu of individual lease approvals; and (2) an optional new financing tool that allows the Port to capture 75% of the payroll and hotel tax increment generated by the Pier 70 development to help fund waterfront parks, marine terminals, environmental remediation, historic rehabilitation, and utility infrastructure.

In 2006, the Port's Capital Plan seemed like (at best) a decades-long partial solution to a waterfront problem that developed over decades or (at worst) an exercise in futility. It now appears that the Port is poised to pursue dramatic new open space improvements and new strategies to preserve historic piers and buildings over the next ten years.

There are still issues to be addressed in the Pier 70 area and other areas within the City's waterfront. However, the Port's newfound ability to utilize these new public resources constitutes a beginning to a more financially sound and sustainable Port of San Francisco.

However, further changes to law and the Port's financing strategy are required: the City and the Port need to fully develop plans for financing a new Cruise Terminal. The State of California can further contribute to its interests through allocating some or all of its share of possessory tax increment associated with developing Port property, as defined by the public trust and the BCDC Special Area Plan, along the San Francisco waterfront. The federal government, likewise, has an interest in removing threats to navigation posed by rotting Port facilities near navigation channels.

The Port needs the continued support of the City's elected family to enact some of the financing strategies described in the Port's 10-year Capital Plan. While these changes may be difficult to achieve, Port staff are energized to pursue these and other solutions that will eliminate waterfront blight and create a 21st century waterfront.

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
5470H	Blue Shed Bldg (Wharf J-11)	Simple	\$71	\$0	\$1,350	\$1,421
1840	Copra Crane	Basic	\$748	\$0	\$0	\$748
1001	Downtown Ferry Terminal	Basic	\$621	\$0	\$33,076	\$33,697
0000	Equipment	Basic	\$0	\$0	\$8,721	\$8,721
2740	Fac. 200 - World Trade Club Restaurant	Basic	\$277	\$1,627	\$722	\$2,626
2000	Fac. 2000 - Ferry Plaza	Piers	\$518	\$319	\$3,692	\$4,529
2750	Fac. 274-175 - Ferry Building Clock Tower	Basic	\$0	\$308	\$294	\$602
2750	Fac. 274-275 Ferry Building	Basic	\$0	\$7,515	\$7,173	\$14,688
2780	Fac. 278 Agriculture Bldg Substructure	Piers	\$4,635	\$0	\$2,541	\$7,176
2780	Fac. 278 Agriculture Building	Basic	\$2,515	\$654	\$533	\$3,702
2750	Ferry Building: Fac. 274 - 275	Piers	\$0	\$0	\$0	\$0
6020	Freight Yard - Intermodal Container Transfer Facility	Street	\$3,273	\$0	\$26,275	\$29,548
4000	Harbor Office at Hyde Street	Small	\$0	\$0	\$492	\$492
1980	Hérons Head Park	Basic	\$164	\$0	\$185	\$349
2500	Hyde Street Pier	Piers	\$0	\$0	\$0	\$0
2500	Hyde Street Pier - Storage Buildings (3)	Small	\$0	\$0	\$0	\$0
000	Leased Piers	Port				
1010	Pier 1	Wide	\$0	\$38,160	\$0	\$38,160
1010	Pier 1 - Office Building	Piers	\$0	\$72	\$0	\$72
1015	Pier 1 1/2	Basic	\$0	\$2,304	\$0	\$2,304
1015	Pier 1 1/2 - Bulkhead/Shed Building	Piers	\$0	\$0	\$0	\$0
1005	Pier 1/2	Basic	\$0	\$0	\$0	\$0
1140	Pier 14 (Public Pier)	Piers	\$715	\$0	\$1,980	\$2,695
1150	Pier 15	Piers	\$0	\$0	\$0	\$0
1150	Pier 15 - Bulkhead/Shed Building (contains trailer)	Piers	\$14,508	\$116	\$13,573	\$28,197
1155	Pier 15/17 - Office on Marginal Wharf	Simple	\$2,309	\$911	\$3,351	\$6,572
1155	Pier 15/17 Valley - demolition	Small	\$0	\$0	\$0	\$0
1170	Pier 17	Piers	\$7,791	\$0	\$0	\$7,791
1170	Pier 17 - Shed Building	Piers	\$7,027	\$86	\$9,293	\$16,406
1175	Pier 17 1/2	Simple	\$2,533	\$704	\$2,812	\$6,049
1190	Pier 19	Piers	\$1,269	\$0	\$417	\$1,686
1190	Pier 19 - Bulkhead/Shed Building	Piers	\$7,762	\$0	\$8,349	\$16,111
1195	Pier 19 1/2	Simple	\$1,491	\$377	\$2,356	\$4,223
1195	Pier 19 1/2 - Bulkhead/Shed	Piers	\$4,549	\$0	\$2,493	\$7,042
1020	Pier 2	Simple	\$454	\$316	\$1,054	\$1,824
2770	Pier 2 - Sinbads	Piers	\$3,787	\$0	\$1,807	\$5,594
1225	Pier 22 1/2	Basic	\$112	\$581	\$153	\$845
1225	Pier 22 1/2 - Fire Station	Piers	\$2,030	\$7	\$879	\$2,917
1225	Pier 22 1/2 - Maintenance / Recreation	Basic	\$442	\$157	\$120	\$719
1230	Pier 23	Small	\$0	\$0	\$0	\$0
1230	Pier 23 - Bulkhead/Shed Building	Piers	\$5,404	\$0	\$8,889	\$14,293
1235	Pier 23 1/2	Simple	\$1,187	\$605	\$2,417	\$4,209
1235	Pier 23 1/2 Pier 23 Cafe	Piers	\$2,509	\$0	\$412	\$2,921
1245	Pier 24 1/2	Small	\$0	\$0	\$0	\$0
1245	Pier 24 1/2 -Bulkhead/Shed Building	Piers	\$3,862	\$0	\$3,027	\$6,889
1260	Pier 26	Simple	\$541	\$0	\$673	\$1,214
		Piers	\$13,204	\$0	\$30,143	\$43,347

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1260	Pier 26 - Bulkhead/Shed	Simple	\$1,113	\$1,525	\$3,096	\$5,734
1265	Pier 26 1/2	Piers	\$2,910	\$0	\$2,346	\$5,256
1265	Pier 26.5 - Bulkhead	Basic	\$1,064	\$1,158	\$656	\$2,878
1270	Pier 27	Piers	\$443	\$382	\$38,950	\$39,776
1270	Pier 27 - Office Annex	Small	\$536	\$0	\$0	\$536
2275	Pier 27 - Office/Admin Building	Basic	\$652	\$208	\$294	\$1,153
1270	Pier 27 Shed Building	Simple	\$2,262	\$2,626	\$2,449	\$7,337
1280	Pier 28	Piers	\$8,481	\$0	\$20,363	\$28,844
1280	Pier 28 - Bulkhead/Shed Building	Simple	\$1,825	\$307	\$1,853	\$3,985
1285	Pier 28 1/2	Piers	\$578	\$0	\$317	\$895
1285	Pier 28 1/2 - Hivive Restaurant	Small	\$0	\$197	\$0	\$197
1290	Pier 29	Piers	\$15,512	\$0	\$16,173	\$31,685
1290	Pier 29 - *Bulkhead/Shed Building	Simple	\$3,782	\$374	\$3,732	\$7,887
1295	Pier 29 1/2	Piers	\$0	\$0	\$0	\$0
1295	Pier 29 1/2 - Bulkhead Building	Simple	\$1,140	\$127	\$1,265	\$2,532
1030	Pier 3	Piers	\$6,931	\$0	\$5,362	\$12,293
1030	Pier 3 - Bulkhead/Shed Building	Basic	\$0	\$0	\$0	\$0
1320	Pier 30 and 32	Piers	\$22,060	\$309	\$55,839	\$78,208
1310	Pier 31	Piers	\$10,001	\$0	\$14,236	\$24,237
1310	Pier 31 - Bulkhead/Shed Building	Simple	\$2,514	\$999	\$2,290	\$5,803
1315	Pier 31 1/2	Piers	\$3,135	\$0	\$2,578	\$5,713
1325	Pier 32 1/2 Marginal Wharf (Brannon St)	Piers	\$0	\$0	\$24,385	\$24,385
1330	Pier 33	Piers	\$5,562	\$0	\$9,271	\$14,833
1330	Pier 33 - Bulkhead/Shed Building	Simple	\$2,425	\$1,363	\$2,142	\$5,930
1335	Pier 33 1/2	Piers	\$0	\$0	\$405	\$405
1335	Pier 33 1/2 - Bulkhead Building	Basic	\$1,033	\$544	\$395	\$1,973
1345	Pier 34 1/2 Marginal Wharf	Piers	\$0	\$0	\$0	\$0
1350	Pier 35 - Bulkhead/Shed Building	Basic	\$3,397	\$13,420	\$4,393	\$21,210
1355	Pier 35 1/2	Piers	\$0	\$0	\$4,418	\$4,418
1350	Pier 35 Cruise Terminal	Piers	\$12,927	\$119	\$15,297	\$28,343
1360	Pier 36 (to be demolished)	Piers	\$119	\$0	\$0	\$119
1360	Pier 36 - Bulkhead Building/Shed	Simple	\$838	\$87	\$866	\$1,791
1380	Pier 38	Piers	\$30,754	\$0	\$13,847	\$44,601
1380	Pier 38 - Bulkhead/Shed Building	Simple	\$268	\$2,009	\$2,673	\$4,949
1385	Pier 38 1/2	Piers	\$537	\$0	\$441	\$978
1390	Pier 39	Piers	\$0	\$0	\$0	\$0
1390	Pier 39 - Retail Shops	Basic	\$3,546	\$10,462	\$6,296	\$20,304
1390	Pier 39 - Underwater World	Basic	\$0	\$430	\$0	\$430
1395	Pier 39 1/2 Marginal Wharf	Piers	\$0	\$0	\$0	\$0
1400	Pier 40	Piers	\$18,053	\$0	\$8,903	\$26,956
1400	Pier 40 - Shed Building	Simple	\$229	\$152	\$1,106	\$1,488
1405	Pier 40 1/2 (S Beach Harbor Wharf)	Piers	\$2,370	\$0	\$390	\$2,760
1405	Pier 40 1/2 - Java House	Small	\$0	\$0	\$0	\$0
1400	Pier 40 Restaurant & Robert Steck Chandelry	Basic	\$0	\$226	\$193	\$419
1410	Pier 41	Piers	\$0	\$0	\$2,761	\$2,761
1415	Pier 41 1/2	Piers	\$0	\$0	\$0	\$0
1415	Pier 41 1/2 - Blue&Gold Bldg.	Basic	\$0	\$437	\$356	\$793

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1430	Pier 43	Piers	\$96	\$0	\$259	\$355
1430	Pier 43 - Arch	Small	\$0	\$226	\$0	\$226
1435	Pier 43 1/2	Piers	\$1,873	\$0	\$13,323	\$15,196
1435	Pier 43 1/2 - Franciscan Restaurant	Basic	\$194	\$699	\$344	\$1,237
1435	Pier 43 1/2 - Red & White Tours	Small	\$0	\$0	\$0	\$0
1435	Pier 43 1/2 - Taits/Patio Sandwich Shop	Small	\$48	\$0	\$0	\$48
1450	Pier 45	Piers	\$1,227	\$1,096	\$148	\$2,471
1450	Pier 45 - Shed A	Simple	\$458	\$1,207	\$2,237	\$3,902
1450	Pier 45 - Shed B	Simple	\$461	\$1,213	\$1,754	\$3,428
1450	Pier 45 - Shed C	Simple	\$529	\$497	\$4,761	\$5,787
1450	Pier 45 - Shed D	Simple	\$416	\$1,149	\$1,584	\$3,149
1461	Pier 46B China Basin Ferry Terminal	Piers	\$783	\$0	\$8,707	\$9,490
1470	Pier 47 - Guardinos Storage Bldg	Small	\$0	\$0	\$0	\$0
1470	Pier 47 - Scoma / Fish Prep Bldg	Small	\$0	\$48	\$0	\$48
1470	Pier 47 - Scoma Storage Bldg	Small	\$0	\$0	\$0	\$0
1470	Pier 47 - Scomas Restaurant	Basic	\$0	\$316	\$299	\$615
1470	Pier 47 - Scomas Storage Shed	Small	\$0	\$18	\$0	\$18
1470	Pier 47 - Wharf J6, J7, J8	Piers	\$1,724	\$699	\$3,733	\$6,156
1470	Pier 47 WF Albert Seafoods Proc Bldg	Simple	\$97	\$20	\$157	\$274
1480	Pier 48	Piers	\$7,172	\$1,383	\$1,307	\$9,862
1480	Pier 48 - Shed A	Simple	\$1,521	\$193	\$0	\$1,714
1480	Pier 48 - Shed B	Simple	\$1,562	\$198	\$0	\$1,760
1485	Pier 48 1/2 - Jellys restaurant	Small	\$0	\$0	\$0	\$0
1490	Pier 49 - Aliotos Restaurant (Wharf J-1)	Basic	\$0	\$348	\$291	\$639
1490	Pier 49 - Fishermans Grotto No. 9 (Wharf J-1)	Basic	\$0	\$541	\$451	\$992
1490	Pier 49 - Fishermans Memorial Chapel	Small	\$0	\$151	\$0	\$151
1490	Pier 49 - Guardinos (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1490	Pier 49 - Sabella & Latorre (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1490	Pier 49 - Tarantinos Restaurant (Wharf J-1)	Basic	\$0	\$211	\$172	\$383
1490	Pier 49 - The Crab Station (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1490	Pier 49 Nicks Lighthouse (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1050	Pier 5	Piers	\$0	\$0	\$0	\$0
1055	Pier 5 1/2 - Bulkhead Building	Basic	\$0	\$0	\$0	\$0
1500	Pier 50	Piers	\$26,308	\$1,613	\$17,045	\$44,967
1500	Pier 50 - Shed A	Simple	\$1,130	\$1,036	\$1,791	\$3,956
1500	Pier 50 - Shed B	Simple	\$1,040	\$0	\$1,816	\$2,856
1500	Pier 50 - Shed C	Simple	\$1,259	\$302	\$2,182	\$3,742
1500	Pier 50 - Shed D	Simple	\$1,048	\$1,013	\$2,791	\$4,852
1505	Pier 50 1/2	Piers	\$0	\$0	\$321	\$321
2505	Pier 50 Administration Building	Basic	\$1,190	\$505	\$468	\$2,162
1520	Pier 52	Piers	\$0	\$0	\$3,692	\$3,692
1540	Pier 54	Piers	\$27,970	\$0	\$11,084	\$39,054
1540	Pier 54 - Office Bldg	Small	\$505	\$0	\$0	\$505
1540	Pier 54 - Oil Shed	Small	\$120	\$0	\$0	\$120
1540	Pier 54 - Shed Building	Simple	\$363	\$0	\$593	\$956
1540	Pier 54 - Storage Shed	Small	\$0	\$40	\$0	\$40
1600	Pier 60 - Wharf - wood piles	Piers	\$996	\$0	\$431	\$1,427

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1600	Pier 60 - Wharf Carmens Restaurant	Small	\$117	\$0	\$0	\$117
1640	Pier 64	Piers	\$2,461	\$0	\$1,596	\$4,057
1645	Pier 64 1/2 Kelly Mission Rock Resort Restnt	Basic	\$0	\$167	\$0	\$167
1680	Pier 68	Piers	\$6,476	\$35,249	\$23,516	\$65,241
1075	Pier 7 - The Waterfront Restaurant	Basic	\$115	\$265	\$146	\$525
1075	Pier 7 1/2	Piers	\$0	\$0	\$0	\$0
1070	Pier 7 Public Pier	Piers	\$0	\$0	\$0	\$0
1700	Pier 70	Piers	\$45,270	\$0	\$87,277	\$132,547
1680	Pier 70 - Pier 68 - Bathrooms Bldg. #141	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Beth Street Substation #2, Bldg. #50	Small	\$91	\$0	\$0	\$91
1680	Pier 70 - Pier 68 - Beth Street Warehouse Bldg. #30	Small	\$0	\$708	\$0	\$708
1680	Pier 70 - Pier 68 - Blast Shed Bldg. #150	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Boiler/Steam Power House - #103	Small	\$0	\$281	\$197	\$478
1680	Pier 70 - Pier 68 - Building #149	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Cable/Electric Shop - Bldg.#38	Simple	\$738	\$0	\$5,479	\$6,217
1680	Pier 70 - Pier 68 - Checkhouse #1, Bldg. #122	Small	\$0	\$0	\$161	\$161
1680	Pier 70 - Pier 68 - Checkhouse #2, Bldg. #123	Small	\$0	\$0	\$78	\$78
1680	Pier 70 - Pier 68 - Equipment Building #36	Simple	\$245	\$92	\$2,234	\$2,571
1680	Pier 70 - Pier 68 - Machine Shop - Bldg. #105	Simple	\$454	\$41	\$3,600	\$4,095
1680	Pier 70 - Pier 68 - near checkhouse #2, Building #51	Small	\$60	\$0	\$0	\$60
1680	Pier 70 - Pier 68 - Office Bldg (#127)	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Office Bldg Annex to #101, Bldg. #40	Basic	\$1,315	\$0	\$284	\$1,599
1680	Pier 70 - Pier 68 - Office Building #101	Basic	\$5,519	\$558	\$25,057	\$31,135
1680	Pier 70 - Pier 68 - Office Building #104	Basic	\$3,843	\$0	\$16,983	\$20,826
1680	Pier 70 - Pier 68 - Office/Warehouse Bldg.- Bldg #111	Basic	\$5,361	\$1,223	\$9,564	\$16,148
1680	Pier 70 - Pier 68 - Ops. Bldg #102	Basic	\$752	\$162	\$815	\$1,729
1680	Pier 70 - Pier 68 - Pipe Rack, Bldg. #120	Small	\$0	\$0	\$42	\$42
1680	Pier 70 - Pier 68 - Pipe Storage Bldg #107	Small	\$0	\$195	\$0	\$195
1680	Pier 70 - Pier 68 - Sheet Metal/Tools Bldg #109	Simple	\$831	\$928	\$459	\$2,218
1680	Pier 70 - Pier 68 - Shipwright Building -#108	Basic	\$5,438	\$231	\$9,762	\$15,432
1680	Pier 70 - Pier 68 - Steel Shop Office (bldg #121)	Small	\$0	\$93	\$0	\$93
1680	Pier 70 - Pier 68 - Substation #4 (bldg #58)	Small	\$0	\$0	\$128	\$128
1680	Pier 70 - Pier 68 - Substation #6, Bldg. #64	Small	\$302	\$0	\$919	\$1,221
1680	Pier 70 - Pier 68 - Substation #7 (bldg #68)	Small	\$0	\$217	\$71	\$288
1680	Pier 70 - Pier 68 - Warehouse & 6-ton crane, Bldg. #49	Simple	\$86	\$117	\$22	\$224
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #110	Small	\$593	\$0	\$695	\$1,288
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #119	Small	\$217	\$0	\$0	\$217
3450	Pier 70 - SWL 345 - Kneass Boatworks, Main Office/boat storage	Simple	\$0	\$0	\$1,523	\$1,523
3450	Pier 70 - SWL 345 - Kneass, Pier 66 Boatyard Office	Small	\$302	\$0	\$0	\$302
3490	Pier 70 - SWL 349 - Auto Yard Shop Bldg #19	Simple	\$178	\$0	\$1,016	\$1,194
3490	Pier 70 - SWL 349 - Beth Street Stress Relieving, Bldg. #16	Simple	\$250	\$0	\$1,131	\$1,381
3490	Pier 70 - SWL 349 - Beth Street Warehouse, Bldg. #32	Simple	\$323	\$0	\$1,393	\$1,716
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #24	Small	\$518	\$0	\$646	\$1,164
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #25	Small	\$0	\$225	\$49	\$274

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #29	Small	\$558	\$0	\$767	\$1,325
3490	Pier 70 - SWL 349 - Brass Foundry, Bldg. #115	Simple	\$486	\$0	\$5,035	\$5,521
3490	Pier 70 - SWL 349 - Foundry, Bldg. #116	Simple	\$486	\$0	\$5,035	\$5,521
3490	Pier 70 - SWL 349 - Test Room, Bldg. #23	Small	\$658	\$0	\$230	\$888
3490	Pier 70 - SWL 349 - UIW Machine Shop, Bldg. #114	Simple	\$243	\$0	\$2,295	\$2,538
3490	Pier 70 - SWL 349 Building #6 (condemned)	Simple	\$1,039	\$0	\$6,258	\$7,297
3490	Pier 70 - SWL 349 Equipment Bldg - Bldg #14	Simple	\$435	\$0	\$4,825	\$5,260
3490	Pier 70 - SWL 349 Heavy Machine Shop - Bldg #113	Simple	\$2,322	\$0	\$26,575	\$28,897
3490	Pier 70 - SWL 349 Office Building - Bldg. #11 Noonan	Basic	\$3,564	\$467	\$7,422	\$11,453
3490	Pier 70 - SWL 349 SF Shipyard Training Bldg 117	Simple	\$606	\$195	\$9,390	\$10,191
3490	Pier 70 - SWL 349 Shop Building - Bldg #21	Simple	\$226	\$0	\$3,321	\$3,547
3490	Pier 70 - SWL 349 Traffic Department Bldg. #12 & #15	Basic	\$7,463	\$0	\$15,753	\$23,216
3490	Pier 70 - SWL 349 Traffic Dept. Shed - Bldg #66	Simple	\$618	\$0	\$531	\$1,149
3490	Pier 70 - SWL 349 Warehouse - Bldg.2	Simple	\$2,226	\$179	\$18,276	\$20,682
1800	Pier 80	Piers	\$8,208	\$2,400	\$55,447	\$66,055
1800	Pier 80 - Entry Canopy	Simple	\$220	\$0	\$266	\$486
1800	Pier 80 - Gear & Maintenance Building	Simple	\$884	\$198	\$938	\$2,020
1800	Pier 80 - Office Bldg #2	Small	\$0	\$95	\$0	\$95
1800	Pier 80 - Service Building	Simple	\$987	\$1,151	\$745	\$2,883
1800	Pier 80 - Shed A	Simple	\$835	\$4,707	\$21,019	\$26,561
1800	Pier 80 - Shed D	Simple	\$630	\$3,205	\$4,065	\$7,900
1800	Pier 80 - Terminal Office	Small	\$240	\$0	\$0	\$240
2800	Pier 80 Administration Building	Basic	\$2,303	\$2,457	\$1,888	\$6,648
1800	Pier 80 Office Bldg #1	Small	\$0	\$95	\$0	\$95
1090	Pier 9	Piers	\$10,538	\$0	\$8,660	\$19,198
1095	Pier 9 1/2	Piers	\$683	\$0	\$562	\$1,245
1090	Pier 9 Bulkhead/Shed Building	Basic	\$8,048	\$2,953	\$3,091	\$14,093
1900	Pier 90	Piers	\$9,598	\$0	\$0	\$9,598
1900	Pier 90 - Fire Department Building	Basic	\$67	\$45	\$150	\$261
1900	Pier 90 - Maintenance Bldg	Small	\$0	\$85	\$0	\$85
1900	Pier 90 - Old Powerhouse	Small	\$0	\$0	\$0	\$0
1900	Pier 90 - Storage Bldg	Small	\$0	\$32	\$0	\$32
1900	Pier 90 - Truck Pits	Small	\$0	\$88	\$0	\$88
1920	Pier 92	Piers	\$3,666	\$0	\$0	\$3,666
1940	Pier 94 - 96 wharf area	Piers	\$4,565	\$0	\$13,627	\$18,192
1940	Pier 94 - Wharfside Building	Small	\$0	\$0	\$0	\$0
1960	Pier 96 - Administration Building	Basic	\$543	\$395	\$374	\$1,312
1960	Pier 96 - Bounty Restaurant	Basic	\$715	\$0	\$141	\$856
1960	Pier 96 - Entry Canopy	Simple	\$54	\$122	\$240	\$416
1960	Pier 96 - Exit Canopy	Simple	\$28	\$91	\$142	\$261
1960	Pier 96 - Gatehouse Bldg	Small	\$0	\$0	\$0	\$0
1960	Pier 96 - Maintenance Building	Basic	\$737	\$446	\$728	\$1,911
1960	Pier 96 - Office/Restroom	Small	\$0	\$116	\$0	\$116
1960	Pier 96 - Recycling/LASH Terminal	Simple	\$1,453	\$1,074	\$4,484	\$7,010
1960	Pier 96 - Storage	Small	\$0	\$130	\$0	\$130
1960	Pier 96 - Truck Scales	Small	\$0	\$34	\$0	\$34

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Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
0000	Port-wide Projects	Port Wide	\$21,600	\$250,544	\$4,633	\$276,777
4036	Street - 20th east of Illinois	Street	\$392	\$0	\$0	\$392
4038	Street - 24th from Michigan to Maryland	Street	\$545	\$0	\$488	\$1,033
4043	Street - Amador and extension	Street	\$1,731	\$0	\$15,360	\$17,091
4022	Street - Broadway btw Embarcadero & Vallejo	Street	\$431	\$0	\$62	\$493
4008	Street - Embarcadero from Taylor to Powell	Street	\$0	\$0	\$0	\$0
4020	Street - Green between Davis and Front	Street	\$143	\$0	\$0	\$143
3030	Street - Hyde Alley, Fish Alley	Street	\$253	\$0	\$185	\$438
4001	Street - Hyde N of Jefferson to Hyde St Pier	Street	\$205	\$0	\$0	\$205
4004	Street - Jefferson btw Jones and Leavenworth	Street	\$106	\$0	\$0	\$106
4002	Street - Jefferson from Leavenworth to Hyde	Street	\$111	\$0	\$826	\$937
4017	Street - Lombard btw Sansome and Embarcadero	Street	\$153	\$0	\$0	\$153
4040	Street - Marin east of Michigan	Street	\$143	\$0	\$492	\$635
3020	Street - Pier 47, Fish Alley, Al Scoma Way	Street	\$341	\$0	\$0	\$341
4003	Street - R.H. Dana Dr. (Leavenworth) N of Jefferso	Street	\$126	\$0	\$0	\$126
4033	Street - T. Francois along China Basin	Street	\$429	\$0	\$0	\$429
4034	Street - T. Francois btw China Basin and Mission R	Street	\$4,493	\$0	\$0	\$4,493
4006	Street - Taylor Street btw. Jefferson and Embarcadero	Street	\$261	\$0	\$246	\$507
4041	Street - TN, IN, MN btw Tulare and Marin	Street	\$751	\$0	\$0	\$751
3010	SWL 301 - Andre Boudin Pavilion	Small	\$0	\$0	\$1,477	\$1,477
3010	SWL 301 - Andre Boudin Restaurant	Basic	\$0	\$135	\$0	\$135
3020	SWL 302 - Alioto Fish Co.	Basic	\$0	\$445	\$381	\$826
3020	SWL 302 - Castagnola/Storage Bldg	Small	\$0	\$0	\$0	\$0
3020	SWL 302 - Crab Boat Owners Asso.	Basic	\$459	\$0	\$65	\$524
3020	SWL 302 - Firewood Cafe	Basic	\$0	\$113	\$96	\$209
3020	SWL 302 - Pompeis Grotto	Basic	\$0	\$101	\$99	\$200
3020	SWL 302 - Port Harbor Office	Small	\$0	\$0	\$0	\$0
3020	SWL 302 - Scomas (Smoke House)	Basic	\$0	\$0	\$115	\$115
3020	SWL 302 - United Shellfish Warehouse	Small	\$0	\$156	\$0	\$156
3030	SWL 302 Cal Shell Fish Shed	Small	\$0	\$0	\$0	\$0
3020	SWL 302 Castagnola Rest.	Basic	\$0	\$426	\$356	\$782
3020	SWL 302 Coast Marine Supply Mat. Storage Bldg	Simple	\$0	\$177	\$503	\$680
3020	SWL 302 Costal Marine Retail Space	Small	\$0	\$0	\$0	\$0
3020	SWL 302 D&G Co. d.b.a. Lou Blues	Small	\$0	\$0	\$0	\$0
3020	SWL 302 Franks Fisherman Supply	Basic	\$0	\$325	\$197	\$522
3020	SWL 302 Substructure (Wharf J-9)	Piers	\$4,439	\$331	\$1,681	\$6,451
3020	SWL 302 United Shellfish Processing	Simple	\$0	\$15	\$41	\$56
3030	SWL 303 - Alioto Fish Co,	Basic	\$0	\$317	\$177	\$494
3030	SWL 303 - Cal Shell Fish	Basic	\$0	\$268	\$117	\$385
3030	SWL 303 - Cioppinos/(Hoppe)	Basic	\$0	\$558	\$275	\$833
3030	SWL 303 - Franceschis Restaurant	Basic	\$0	\$110	\$89	\$199
3030	SWL 303 - GP Resources	Small	\$0	\$28	\$0	\$28
3030	SWL 303 - SP Trantino/Martell Ins	Small	\$0	\$0	\$0	\$0
3030	SWL 303 - The Bay Company, Hoppe, Arthur N.	Basic	\$0	\$246	\$201	\$447
3110	SWL 311 Pier 39 Garage	Simple	\$0	\$738	\$5,823	\$6,561
3130	SWL 313 Embarcadero Triangle Lot Assn.	Simple	\$0	\$583	\$2,761	\$3,344

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
3150	SWL 315 Office Bulding (HHC Investment limited)	Basic	\$0	\$4,151	\$3,180	\$7,331
3150	SWL 315 Parking Structure	Simple	\$0	\$489	\$3,700	\$4,189
3160	SWL 316 Houstons Restaurant	Basic	\$0	\$475	\$303	\$778
3170	SWL 317 Office Building	Basic	\$0	\$6,720	\$3,490	\$10,210
3180	SWL 318 Roundhouse One	Basic	\$0	\$624	\$484	\$1,108
3180	SWL 318 Roundhouse Two	Basic	\$1,216	\$699	\$657	\$2,571
3180	SWL 318 Sandhouse	Small	\$0	\$0	\$0	\$0
3190	SWL 319 Fog City Diner	Basic	\$0	\$286	\$112	\$398
3220	SWL 322 ABC TV	Basic	\$0	\$8,726	\$4,076	\$12,802
3300	SWL 330 Restaurant and Apts. at Townsend	Basic	\$0	\$1,706	\$1,803	\$3,509
3310	SWL 331 & 332 Delancey Street Foundation	Basic	\$0	\$3,827	\$3,942	\$7,769
3430	SWL 343 Bluepeter Building	Simple	\$322	\$62	\$466	\$850
3450	SWL 345 - SF Boat Works Office/Shop	Basic	\$0	\$419	\$186	\$605
3450	SWL 345 - SF Boat Works Storage/The Ramp	Simple	\$67	\$76	\$154	\$297
3520	SWL 352 - Backlands Redevelopment	Basic	\$2,247	\$0	\$0	\$2,247
1620	Third Street Bridge House	Small	\$0	\$0	\$0	\$0
5470H	Wharf J-11	Piers	\$401	\$0	\$0	\$401
5470	Wharf J-4	Piers	\$965	\$78	\$0	\$1,043
1490	Wharfs J-1 and J-3 (Pier 49)	Piers	\$0	\$741	\$2,850	\$3,591
PORT TOTAL			\$543,510	\$453,211	\$1,010,602	\$2,007,323



MEMORANDUM

February 16, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation Regarding a Proposed Agreement for a Construction Materials Recycling Center at SWL 352 between the Port and Sustainable Crushing Ventures, LLC

DIRECTOR'S RECOMMENDATION: Informational Presentation; No Action Required

Overview

This reports describes a proposed agreement ("Agreement") between the Port and Sustainable Crushing Ventures, LLC ("Sustainable Crushing Ventures" or "Tenant") that includes:

1. A services contract to process approximately 120,000 tons of material abandoned at the site by a former Port tenant ("Existing Stockpile") into fill material ("Fill Products") and other construction products for use or sale by the Port;
2. A lease for a recycling center for inert debris ("Construction Materials Recycling Center") on 6.75 acres of land on Seawall Lot 352 ("SWL 352") in the Port's Piers 90-94 Backlands ("Backlands"), with a 4.26 acre buffer area, for five (5) years with a five (5) year option, pursuant to a competitive solicitation authorized by the Port Commission in October, 2007; and
3. Authority for the Port and Sustainable Crushing Ventures to enter into a construction contract to place and compact Fill Products on the unleased portions of the Backlands at an agreed price later this calendar year, subject to approval by the Port Commission and the Board of Supervisors and to permission from the San Francisco Bay Regional Water Quality Control Board.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

Sustainable Crushing Ventures is a joint venture of S.F. Recycling and Disposal, Inc. a wholly owned subsidiary of Norcal Waste Systems Inc. and Raisch Company, a California Corporation, DBA Raisch Products ("Raisch/Norcal").

This report explains the terms of the proposed Agreement, planned public outreach to the Port's Southern Waterfront Advisory Committee, additional permitting and environmental review required prior to approval of the entire Agreement, and other required approvals by the Port Commission and the Board of Supervisors.

Background

On October 11, 2007, the Port Commission authorized Port staff to issue a request for proposals ("RFP") for a leasing opportunity at Pier 94, SWL 352, to operate a construction materials recycling facility specializing in processing of demolition concrete and related construction materials. In addition to providing lease revenue to the Port, the project was designed to provide a means to process and reuse the Existing Stockpile pursuant to a defined Scope of Work (Exhibit A hereto). The RFP objectives are set forth in the staff report to the Port Commission for its October 11, 2007 meeting.

Port staff assembled a five member advisory panel which reviewed proposals from four teams and found that the Raisch/Norcal proposal offered the Port a business model that best fits local market conditions, a strong economic return to the Port, the best environmental compliance record, strong local economic development benefits in the form of local hiring and LBE participation and a unique partnership with deep experience in construction materials recycling.

On February 26, 2008, the Port Commission approved Resolution 08-14 authorizing Port staff to enter into an Exclusive Negotiation Agreement ("ENA") with Raisch/Norcal. The Port Commission subsequently approved extensions of the ENA term (Resolutions 08-75 and 09-02) to February 28, 2009, with an option for the Port Executive Director to extend for a period of one month, to finalize a proposed lease agreement and companion documents for Port Commission consideration.

Joint Venture

Raisch Products and S.F. Recycling and Disposal, Inc. are forming a joint venture ("JV"), Sustainable Crushing Ventures, to enter into the proposed Agreement with the Port Commission, subject to required approvals. Port staff has conducted its due diligence regarding the proposed structure of the JV and present findings at the March 10, 2009 Port Commission meeting when final approval of the proposed Agreement is requested.

Norcal Waste Systems, Inc. was founded and is headquartered in San Francisco. Norcal has extensive construction and demolition debris recycling experience (it is the largest such provider in the City). Norcal's subsidiaries, Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, and S.F. Recycling & Disposal, Inc., provide waste and recycling collection and processing services in San Francisco and work in concert with the

City to achieve its landfill diversion goals. S.F. Recycling & Disposal, Inc. has been a Port tenant at Pier 96 since June, 1998.

Norcal provides integrated waste services to over sixty California communities, serving over 600,000 households and 50,000 businesses. Norcal is 100% employee owned.

Raisch Products is a state of the art aggregate-producing company headquartered in San José, California. The company specializes in operating centralized concrete and asphalt recycling locations. Along with receiving recyclable concrete and asphalt materials from deconstruction projects, Raisch Products produces aggregate products for use in both private and public applications. The company's advanced portable crushing V-Series plant is the highest producing portable crushing system in North America. Raisch Products operates recycling facilities in San José, Sunnyvale and Fremont and a quarry in Milpitas.

Location

A map of the proposed premises is contained in Exhibit B. Figure 1 below depicts the proposed location of the Construction Materials Recycling Center Lease:

Figure 1: Backlands Context



Backlands Site Improvements: A Market for Fill Products from the Existing Stockpile

The Port has long envisioned a higher revenue and more productive use of the Backlands area, development of which is being undertaken in phases. Phase 1 began in late 2005, when Port staff pursued legal repossession of the premises through multi-party litigation and acquisition of the required approvals to remove the Existing Stockpile previously abandoned by a prior tenant. (See also Port Commission Supporting Documents for October 9, 2007, Item 10B). The Port obtained clear title to the Existing Stockpile in 2007.

As part of Phase 2, Port staff has pursued a strategy for crushing and removing the Existing Stockpile through a third party tenant. As approved previously by the Port Commission, Port staff undertook a competitive solicitation and selected Raisch/Norcal. Port staff has negotiated a services contract to process the Existing Stockpile into Fill Products for reuse or sale by the Port. The Port considers the Existing Stockpile to be personal property, and not waste, for purposes of regulations of the California Integrated Waste Management Board ("CIWMB"). Given the anticipated value of the Existing Stockpile once crushed, Port staff proposes to work with Sustainable Crushing Ventures to identify a market for the Fill Products. During Phase 2, Sustainable Crushing Ventures will follow specific protocols to crush the Existing Stockpile and salvage as much as possible into Fill Products that can be sold or reused. Sustainable Crushing Ventures will appropriately dispose of any unusable product. Port staff projects that as much as 90% of the Existing Stockpile will be converted into saleable Fill Product, particularly in view of the condition of the existing local construction market.

As part of Phase 3, Port staff has identified a potential reuse of the Fill Product in conjunction with our strategy to productively lease up the Backlands. Port staff has proceeded with design of a civil engineering project that will serve as the likely end use for much of the Fill Products. On October 28, 2008, Port staff presented an informational presentation to the Port Commission (Item 11B Southern Waterfront Leasing and Planning Update). It described certain proposed improvements to be made to 23 unleased acres of the Backlands such that the property can be leased for any use. Such improvements included application of fill, grading, development of a new driveway, stormwater management swales and basic utilities.

To this end, Port staff has enlisted the Department of Public Works to design these improvements. Once the plans achieve conceptual design and 30% of preliminary engineering analysis, Port staff will seek permission from the San Francisco Bay Regional Water Quality Control Board to pursue these improvements on the former landfill site that underlies a portion of the Backlands. Port staff will return to the Port Commission with a proposed site design and project budget to obtain further policy direction, which may include advertising for a construction project to construct the improvements. To achieve this goal, the proposed Agreement requires Sustainable Crushing Ventures to store the Fill Product on adjacent Port property.

However, if the proposed Backlands improvement project fails to gain regulatory or other required approvals, the proposed Agreement contemplates sale of the Fill Products to the private market as the ultimate means of effectuating removal of the Existing Stockpile.

Under the proposed agreement, Sustainable Crushing Ventures would perform the sales and delivery activity on behalf of the Port for a portion (25%) of the Port's sales revenues.

Proposed Agreement

The proposed Agreement consists of 1) a services contract to crush the Existing Stockpile ("Services Contract"), 2) a lease for a Construction Materials Recycling Center ("Lease"), and 3) authority to enter into a construction project to place Fill Products on the Backlands for an agreed price during calendar year 2009 ("Construction Contract"), subject to required approvals.

This report describes each component separately, although together they comprise a single proposed Agreement. Capitalized terms not defined elsewhere in this memorandum are defined in the Agreement.

1. Services Contract

The Services Contract contemplates that Sustainable Crushing Ventures will crush the Existing Stockpile first. Under this arrangement, Sustainable Crushing Ventures will serve as an agent of the Port, as property owner, to crush the Existing Stockpile and store the resulting Fill Products on adjacent Port property.

The Services Contract contemplates a specific scope of work, with specific unit pricing, attached as Exhibit A. Unit pricing on a per ton basis is required, because although the parties estimate the size of the Existing Stockpile at 120,000 tons, actual quantities, including the percentage of waste materials requiring landfill disposal, may vary. Sustainable Crushing Ventures will provide the Port with weight reports derived from real-time weighing devices that measure actual quantities processed, in order to verify work performed.

The total maximum fee for the Scope of Services would not exceed \$1,000,000. The Agreement provides that the Port will pay Sustainable Crushing Ventures up to \$550,000 in cash (including a 10% contingency). If costs exceed this threshold, the Agreement provides that Sustainable Crushing Ventures may be paid to complete the work first by the Port's share of sales of Fill Products made from the Existing Stockpile and then by rent credits against 100% of its initial rent obligations. The JV may discontinue services if maximum fee would be exceeded. The source of funds for the Services Contract is \$605,000 in the Port's FY 2007-08 Real Estate Division Leasing Capital Improvement Project capital account (CPO776), which has been appropriated previously by the Port Commission and the Board of Supervisors.

The parties estimate that, barring unforeseen circumstances, crushing of the Existing Stockpile could be completed within 60-120 days after commencement of work.

The Services Contract also contains a provision to allow Sustainable Crushing Ventures to accept additional materials onto the leased premises. In order to time recycling operations for the start of the local construction season, the Agreement contemplates that Sustainable

Crushing Ventures could begin accepting third-party inert materials on a separate parcel, with storage fees to the Port of \$0.20/sf/month. The Services Contract restricts any processing by Sustainable Crushing Ventures of these third-party inert materials until the processing of the Existing Stockpile is complete.

The Services Contract would be conducted pursuant to a companion license agreement authorizing access to Port property.

A determination of the appropriate percentage goal for subcontracting participation has not yet been made by the Human Rights Commission (HRC) for involvement of HRC-Certified Small and Local Economically Disadvantaged Business entities (LBEs). Port staff has identified HRC-certified materials testing firms as among those eligible to participate; Port staff has referred the Scope of Services and contact information for JV members to HRC staff. Port staff will report HRC's determination to the Port Commission for approval of the Agreement at its March 10, 2009 meeting.

SERVICES CONTRACT	
<i>Services Contract Effective Date:</i>	When all of the following have occurred: (a) the Port Commission has approved this Agreement; (b) the Controller has certified the availability of funds for the Services Contract; and (c) Tenant and Port's Executive Director have executed and delivered this Agreement.
<i>Services Contract Term:</i>	From the Effective Date through the Lease Expiration Date, with the Initial Services Term described in the Scope of Services.
<i>Scope of Services:</i>	Recycle and store the Existing Stockpile and Recycled Products and dispose of Recycling Waste as described in Exhibit A .
<i>Guaranteed Maximum Cost:</i>	\$1,000,000, payable in cash in an amount not to exceed \$605,000 and then by the Port's share of sales of construction products made from the Existing Stockpile and/or rent credits against 100% of Tenant's rent obligation under the Lease, not to exceed \$395,000.
<i>Revenue Sharing:</i>	Port and Tenant will share any revenue from the sale of Recycled Products made from the Existing Stockpile and sold by Tenant on behalf of Port, with proceeds split 75% and 25%, respectively, to Port and Tenant.
<i>Environmental Oversight Deposit:</i>	\$10,000 cash deposit that the Port may use, apply, or retain to recover its costs of environmental inspection, monitoring, enforcement, and administration during Tenant's operations, under specified conditions.
<i>Letter of Credit or Parent Guaranty:</i>	\$750,000 Letter of Credit or equivalent value guaranty provided by Norcal Waste Systems, Inc. in a form approved by the Port as collateral for the full and faithful performance by Tenant of the Secured Obligations under this Agreement (including conduct of the Scope of Services).

SERVICES CONTRACT	
COMPANION LICENSE	
<i>Effective Date:</i>	Same as the Services Contract Effective Date.
<i>License Area and Permitted Uses:</i>	As shown in Exhibit B : <ul style="list-style-type: none"> • Parcel A: 6.75 acres – Perform Scope of Services and store (but not process) Third-Party Construction Materials • Parcel B: 4.26 acres – Manage stormwater and install landscaping buffer • Parcel C: 3.85 acres – Process and store Existing Stockpile
<i>License Term:</i>	Parcels A and B: From the Services Contract Effective Date until the Lease Commencement Date. Parcel C: From the Services Contract Effective Date through the last day of the Initial Services Term.
<i>License Fee:</i>	Parcel A: \$.20/sf/month for any portion that is used to store Third Party Construction Materials during the Initial Services Term (initially 1 acre, then in ½ acre increments). Parcels B and C: None.

2. Lease

The proposed Lease deviates from the Port Commission's approved Fiscal Year 2008-09 parameter rental rate structure and approved boilerplate lease in the following major respects:

- **Rent Structure.** Instead of a rental rate of \$0.28/sf/month, the Lease provides for a base rent of \$0.15/sf/month, coupled with a percentage rent formula as follows:

For gross receipts above the Gross Receipts Threshold of \$2,200,000, adjusted annually by 3%, Tenant will pay Port the following:

\$0-\$350,000	15%
\$350,001-\$700,000	20%
\$700,001-\$1,050,000	25%
\$1,050,001-\$1,400,000	30%
Above \$1,400,000	35%

This base rent is consistent with the base rent proposed by Raisch/Norcal in response to the RFP. The additive base rent and percentage rent structure allows the Port to realize significant upside potential, while protecting Sustainable Crushing Ventures from an unsustainable rent obligation during slow construction periods. The Gross Receipts Threshold was calculated as the amount of annual revenue above which the Construction Materials Recycling Center becomes profitable.

The proposed base rent is \$44,104.50 per month, or \$529,254.00 for the first year. As an example, if Tenant realizes the projected target of 150,000 tons of throughput

capacity and associated receipts of \$3.0 million during the third year of operations, the Port will realize additional annual rent in that year of \$176,000.

- **Hazardous Materials Liability.** The Agreement apportions hazardous materials liability exposure in a somewhat different manner than most Port leases. In most cases, the Port assigns all hazardous material liability, except for Port's sole negligence or willful misconduct, to a tenant. Given the fill characteristics of the site, its location within a Maher Ordinance area of the City (Article 22A of the San Francisco Health Code), existing reports from area site investigations, and the lack of significant proposed construction, this Agreement relies on the following risk notification/assignment provisions:
 - a. The Premises extends only one foot below grade, as established by a Port engineering survey conducted within one month of the Effective Date. Tenant is responsible for exacerbating existing hazardous materials conditions, but is not responsible for pre-existing conditions. Tenant does not take possession of the ground lower than one foot below grade.
 - b. Port is responsible for compliance with laws associated with pre-existing hazardous materials conditions.
 - c. Extensive disclosure of known, existing hazardous materials conditions.
 - d. Raisch/Norcal are currently performing a Phase 1 environmental review of the leasehold and the findings of the environmental review will be shared with the Port. Findings of the Phase 1 review will be used to determine any preexisting environmental issues and establish preexisting environmental conditions for the leasehold.
- **Financial Assurance.** The Agreement provides that Sustainable Crushing Ventures may supply a \$750,000 Letter of Credit or equivalent value guaranty provided by Norcal Waste Systems, Inc. in a form approved by the Port as collateral for the full and faithful performance by Tenant of its Secured Obligations under the Agreement. Whereas under most Port leases, the Port requires financial assurances to secure the entire agreement, in this case Secured Obligations are defined as: Tenant's performance of the Scope of Services under the Services Contract; and (b) Tenant's payment and performance obligations under the following provisions of the Lease, as extended, renewed, or modified: (i) Section 15.4 (Requirement to Remediate); (ii) Section 19.2 (Hazardous Materials Indemnity); and (iii) Section 25.1 (Surrender).

The Security Deposit under the Agreement is \$90,000 (more than two months' rent), in order to secure the Required Improvements negotiated by the parties to fulfill the Port's Southern Waterfront Community Benefits and Beautification Policy, including natural-based stormwater management in the 4.26 acre site perimeter and a new driveway from Amador Street. The cost of these improvements totals \$450,000 spread over the initial five years of the Lease.

- **Early Termination.** In recognition of the potential difficulty of successfully operating a Construction Materials Recycling Center at the site, as evidenced by former tenancies, the Agreement authorizes Tenant to terminate the Agreement early, with 6 months' notice, provided it completes the Required Improvements scheduled for the then-current lease year.

Expanded Recycling

The Agreement contemplates expanded recycling activities ("Expanded Recycling") compared to those activities conducted by the Port's prior tenant at the site. The Agreement provides that the Expanded Recycling would be subject to future approval by the Port Commission. If requested by Sustainable Crushing Ventures, Port staff envisions approaching the Port Commission for authorization to permit Expanded Recycling after the Existing Stockpile has been processed and removed from view and Sustainable Crushing Ventures has a demonstrated track record of operating a clean and efficient facility.

If approved, the Expanded Recycling will allow Sustainable Crushing Ventures to process a limited quantity of demolition material with a higher percentage of deleterious material (25% instead of 10%). This type of material would typically be delivered in small 10 wheel trucks and the average weight of the loads would be in the 4 to 6 ton range. The maximum number of truck trips associated with this type of material would be less than 50 trips per day. Sustainable Crushing Ventures would limit acceptance of this material to 175 tons per day or 54,600 tons per year.

Sustainable Crushing Ventures would pre-process, screen and sort loads rich in concrete and other inert recyclables in a distinct area of the premises, in a fenced enclosure.

If approved, the Expanded Recycling will be assessed a higher base rent (\$0.20/sf/month) for the area used for this activity, with gross receipts subject to percentage rent.

LEASE PROVISIONS	
<i>Lease Effective Date, Commencement Date, and Rent Commencement Date:</i>	The 1 st day of the full month after the Mayor signs the Board resolution approving the Lease.
<i>Lease Term:</i>	5 years plus an option to extend for an additional 5 years (described below).
<i>Lease Expiration Date:</i>	<p>Initial Lease Term: The day before the 5th anniversary of the Lease Commencement Date.</p> <p>Extension Period: The day before the 10th anniversary of the Lease Commencement Date.</p> <p>Subject to extension, early termination and holdover provisions as provided in this Agreement.</p>
<i>Base Rent:</i>	<p>Parcel A: \$.15/sf/mo.**</p> <p>Parcel B: None</p> <p>Initial monthly Base Rent: \$44,104.50</p> <p>Base Rent will be increased 3% on each anniversary of the</p>

LEASE PROVISIONS											
	<p>Lease Commencement Date. If the Lease Term is extended, the Port may adjust Base Rent to prevailing market rate by making a Prevailing Market Rate determination which can be challenged by Tenant and arbitrated and reconciled by an independent appraisal process.</p> <p>If either party disagrees with the final determination of the Prevailing Market Rate, then the disagreeing party may exercise an option to terminate the Lease.</p> <p>**If Port approves Expanded Recycling, Base Rent will be adjusted to \$0.20/sf/mo for the portion of Parcel A used for Expanded Uses.</p>										
<i>Percentage Rent:</i>	<p>Percentage of Gross Income above the Gross Receipts Threshold, calculated according to the Percentage Rent Schedule is as follows:</p> <p>For gross receipts above the Gross Receipts Threshold of \$2,200,000, as adjusted annually by 3%, Tenant will pay Port the following:</p> <table> <tr> <td>\$0-\$350,000</td><td>15%</td></tr> <tr> <td>\$350,001-\$700,000</td><td>20%</td></tr> <tr> <td>\$700,001-\$1,050,000</td><td>25%</td></tr> <tr> <td>\$1,050,001-\$1,400,000</td><td>30%</td></tr> <tr> <td>Above \$1,400,001</td><td>35%</td></tr> </table> <p>The Gross Receipts Threshold will increase on each anniversary of the Lease Commencement Date by 3%.</p> <p>Tenant's obligation to pay Percentage Rent will terminate effective as of the first day of the Extension Period if Base Rent is adjusted by the Port to Prevailing Market Rate.</p>	\$0-\$350,000	15%	\$350,001-\$700,000	20%	\$700,001-\$1,050,000	25%	\$1,050,001-\$1,400,000	30%	Above \$1,400,001	35%
\$0-\$350,000	15%										
\$350,001-\$700,000	20%										
\$700,001-\$1,050,000	25%										
\$1,050,001-\$1,400,000	30%										
Above \$1,400,001	35%										
<i>Security Deposit:</i>	\$90,000										
<i>Permitted Uses:</i>	<p>As shown in Exhibit B:</p> <p>Parcel A: Recycling Center for Third Party Construction Materials.</p> <p>Parcel B: Buffer area where Tenant must construct and maintain the Stormwater Improvements and the New Driveway.</p>										
<i>Prohibited Uses:</i>	In addition to other uses prohibited, acceptance of Hazardous Materials, washout concrete, or Construction Materials containing more than 10% deleterious material by weight.										
<i>Expanded Recycling:</i>	At Tenant's request, the Port Commission may authorize Tenant to accept other types of Construction Materials, including Construction Materials containing up to 25% deleterious material by weight.										
<i>Storage Restriction:</i>	Storage of unprocessed asphalt and mixed materials containing more than trace amounts of asphalt accepted from third parties is limited to 25,000 tons at any given time.										

LEASE PROVISIONS	
<i>Business & Operations Plans:</i>	Port approval of Business Plan and Operations Plan.
<i>Environmental and Performance Assurances:</i>	\$10,000 Environmental Oversight Deposit. \$750,000 Letter of Credit or Guaranty provided by Norcal Waste Systems, Inc.
<i>Southern Waterfront Community Benefits and Beautification:</i>	Tenant will make \$450,000 in stormwater management, landscaping site improvements, and other Port-approved expenditures according to annual budget and construction schedules over the Initial Lease Term and construct a New Driveway when the Port is ready to lease the remainder of the Backlands or make improvements to the Backlands in anticipation of such leasing ("Required Improvements").
<i>Local Truckers:</i>	For all trucking opportunities associated with Tenant's operations at the Premises over which Tenant has direct control, such as hauling of materials off the Premises, Tenant will make good faith efforts to first use local truckers, as defined in Administrative Code Section 14B (" Local Truckers "). To the extent that Tenant in its sole discretion directly employs or directly contracts with truckers for hauling materials on or off the Premises, Tenant will cause not less than 60 percent of all materials to be hauled in trucks operated by Local Truckers. Tenant will provide Port with a monthly report setting forth the quantities of material hauled onto or off of the Premises during the preceding month and identifying the Local Truckers utilized by Tenant.
<i>Option and Market Rent Determination:</i>	Tenant will have the option to extend the Lease once for a period of 5 years upon 6 months notice, provided the Tenant is in good standing, the Port approves an amended Operations Plan, and the Port Commission in its sole discretion decides to continue leasing portions of Seawall Lot 352 for the Construction Materials Recycling Center. If Tenant exercises its extension option, the Lease will remain in effect except as follows: (1) the Lease Expiration Date will be extended for five years; (2) and the Port may adjust Base Rent during the first year of the Extension Period as provided in a specified Procedure for Market Rate Adjustment. Either party may opt not to exercise the extension option if it disagrees with the Market Rate Adjustment. If the Port exercises a Market Rate Adjustment, percentage rent would no longer be collected.
<i>Tenant's Early Termination Right:</i>	Tenant may terminate the Lease upon 180 days' notice during the Initial Lease Term.
<i>Port Project and Port Relocation Option:</i>	Port has the right to terminate the Lease on 180 days' prior notice to Tenant if the Premises are needed for a Port program or project. At any time after the first 18 months of the Lease Term, Port may relocate Tenant from the Premises to reasonably comparable space as shown approximately in Exhibit B-3

LEASE PROVISIONS	
	within Seawall Lot 352 upon 180 days' prior notice to Tenant, which notice Port may deliver at any time after the first Lease Year.
<i>Maintenance and Repair:</i>	Tenant's sole responsibility.
<i>Utilities:</i>	Tenant's sole responsibility.
<i>Development Project:</i>	Port intends to make site improvements to leasable areas in the Backlands and to lease parcels for industrial uses consistent with applicable zoning laws and the Port's Waterfront Land Use Plan.

3. Construction Contract

The Agreement includes a provision authorizing the award of a construction contract to Sustainable Crushing Ventures for the placement of Fill Products on the surrounding Backlands, subject to approval by the Port Commission, the City Purchaser and the Board of Supervisors. This construction contract would be limited in scope: Sustainable Crushing Ventures would utilize its earthwork equipment to place and compact the Fill Products onto the Backlands according to Port-approved designs for a price not to exceed \$3.50 per ton, payable by the Port in the form of rent credits. The Port may exercise this option in calendar year 2009, but not later. The total estimated value of this work is \$350,000. This construction contract would be subject to a percentage goal for subcontracting participation by HRC-Certified Small and Local Economically Disadvantaged Business entities.

The Port Commission may opt instead to bid this work as part of a broader construction project to improve 23 acres of the Backlands.

Operations Plan

Project Description: The operation will consist of the receipt of materials from construction sites in and around the City of San Francisco, the processing of these materials by crushing, screening and segregation into a variety of Fill Products, and the sale of these Fill Products. The Operations Plan will govern the construction materials recycling operation and the separate Services Contract under which Sustainable Crushing Ventures will crush the Existing Stockpile estimated to contain 90,000 tons of mixed inert debris and 30,000 tons of concrete debris.

Hours of operation for receiving debris loads, management of material stockpiles, and the sale of Fill Product will be from 6:00 a.m. to 4:30 p.m., Monday through Saturday. The hours of operation for material processing will be from 7:00 a.m. to 6:00 p.m., Monday through Saturday, until processing of the Existing Stockpile is completed. Thereafter the hours of operation for material processing of incoming new inert debris material will be from 7:00 a.m. to 6:00 p.m. on an as-needed basis. Truck trips for incoming material will range from 25 – 100 per day. Sales of Fill Product are expected to range from 500 to 4,500 tons per day.

The facility will accept no more than 1,500 tons per day of the feedstock material, which is classified as 'inert debris Type A' under the California Code of Regulations Title 14 §§ 17380 et seq. Type A material includes concrete, reinforcing material such as steel and fiberglass, roofing shingles, brick, slag, ceramics, plaster, and clay products. The operation will not require a Solid Waste Facility Permit from the CIWMB, but will be required to file a notification with the local enforcement agency, which is the Department of Public Health, and it will be subject to minimum operating standards as detailed in Title 14. These standards include:

- limits on storage quantities (no more than 45,000 tons) – may not be applicable¹
- limits on storage times before processing (variable)
- monthly inspections by the local enforcement agency
- record maintenance of quantities received, inventoried, processed, and sold

Prior to execution of the Agreement, Tenant will submit, and Port's Executive Director will approve in her sole discretion, an Operations Plan that documents Tenant's procedures consistent with law, industry standards, best management practices and good housekeeping and provides a detailed description of Tenant's industrial activities and equipment, facility housekeeping, vector control, air quality, including dust control, and monitoring measures, water quality and stormwater pollution prevention measures, noise control measures, hazardous materials and waste management practices, and other best management practices.

The Port will require adherence to dust control requirements of the Port's Southern Waterfront Supplemental Environmental Impact Report as a condition of approval of the Operations Plan.

Local Economic Benefits

The Lease provides that Sustainable Crushing Ventures will utilize Local Truckers (as defined in the City LBE ordinance) for not less than 60% of truck trips it controls. These trips will consist of deliveries of Fill Products to end users.

Sustainable Crushing Ventures will commit to a community based hiring plan, utilizing Young Community Developers, Marinship, Operating Engineers Local No. 3 and Laborers' International Union of North America, Local 270. During the initial start up phase of the operation all employees will be employees of the existing parent companies: Raisch Products, SF Recycling and Disposal Company, Inc. and/or Norcal Waste Systems Inc. With the exception of these employees, all new employees of Sustainable Crushing Ventures will fall under its community based hiring commitment.

In addition to community based hiring, Sustainable Crushing Ventures will make reasonable attempts to use local LBE subcontractors whenever possible, including in the design and/or construction of required improvements. Sustainable Crushing Ventures has

¹ CIWMB regulations provide for a waiver of the storage limit with evidence of appropriate financial assurance.

been utilizing an LBE contactor, Dynamic Construction Services, to prepare its Operations Plan and Injury and Illness Prevention Plan and for stormwater permitting.

Public Outreach

Port staff will present the terms of this proposed Agreement to the Southern Waterfront Advisory Committee (SWAC). Port staff has previously presented to SWAC regarding plans for addressing the Existing Stockpile, including the RFP for the lease opportunity. The item is on the February 25, 2009 SWAC meeting agenda.

Regulatory Approvals

The Agreement and the subsequent operation of the Construction Materials Recycling Center require the review and approval of a number of agencies enumerated in Exhibit C, including the San Francisco Department of Public Health and environmental review conducted by the San Francisco Planning Department. Sustainable Crushing Ventures is responsible for obtaining required permits prior to Port Commission consideration of the Agreement anticipated on March 10, 2009.

Next Steps

Port staff will return to the Port Commission with public comment from SWAC, its due diligence review of the proposed JV for Sustainable Crushing Ventures, an update regarding required regulatory approvals, and HRC goals for the proposed services contract and the potential construction contract.

If the Port Commission approves the proposed Agreement, the Agreement will be subject to approval by the San Francisco Board of Supervisors.

Prepared by: Brad Benson, Special Projects Manager
Rich Berman, Regulatory Specialist
Lawrence Brown, Financial Analyst
James Hurley, Feasibility Analyst

Attachments:

Exhibit A: Scope of Services & Price Schedule

Exhibit B: Maps

Exhibit C: Sustainable Crushing Ventures, Inc. Permits & Regulatory Requirements

**Exhibit A:
Scope of Services & Price Schedule**

Tenant to provide Port with copies of all tests, reports, and weight tags associated with the conduct of the following Scope of Services.

ITEM 1. Crush Concrete, Asphalt, and Brick

Crush and screen the estimated 100,000 tons of mixed concrete, asphalt, and brick in the Existing Stockpile. The Scope of Services for Item 1 is:

- 1) providing all necessary labor and equipment to recycle this material into 1½" minus fill; and
- 2) stockpiling the recycled aggregates or products.

Cost for 1½" minus fill: \$5.00 per ton

The finished material will be stored on adjacent Port property (not on the Premises) for use by Port or for sale by Tenant on behalf of Port. Tenant is not required to transport any Item 1 Recycled Product to storage by any means other than a conveyor attached to crushing equipment.

ITEM 2. Crush, Process, and Screen Concrete, Including Oversized Concrete and Concrete with Rebar

Crush and screen the estimated 30,000 tons of mixed concrete with oversized and rebar-reinforced material in the Existing Stockpile stored on Parcel C. The Scope of Services for Item 2 is:

- 1) providing all necessary labor and equipment to recycle this material into aggregates or useable products;
- 2) preparing the oversized stockpile material to be recycled;
- 3) segregating and transporting the rebar to an approved recycling center; and
- 4) stockpiling the recycled aggregates or products.

The Port expects that the concrete with oversized pieces and rebar will be optimally recycled as coarse recycled aggregate and recycled engineered fill.

Cost for processing clean concrete: \$5.50 per ton

**Cost for processing oversized concrete
or rebar-reinforced concrete: \$8.50 per ton**

The finished material will be stored on adjacent Port property (not on the Premises) for use by Port or for sale by Tenant on behalf of Port. Tenant is not required to transport any Item 2 Recycled Product to storage by any means other than a conveyor attached to crushing equipment.

Port and Tenant have agreed to share any revenue from the sale of Item 2 Recycled Product 75% to 25%, respectively, to Port and Tenant.

ITEM 3. Dispose Class III (Non-Hazardous) Material from Existing Pile

Provide all labor and equipment to dispose of Class III non-hazardous material such as residual wood forms, garbage, trees, and other vegetative matter to an appropriate landfill.

Cost: The cost for disposal shall not exceed the applicable rate established in the City's refuse rate setting process.

ITEM 4. Provide Materials Testing

Test products produced from the Existing Stockpile materials, as described below.

Base Aggregate Test Requirements:

Recycled aggregate (Item 1) will meet the following requirements:

Aggregate Sub-base	- Caltrans Standard Section 25 - Aggregate Sub-base, "Operating Range".
Aggregate Base	- Caltrans Standard Section 26 - Aggregate Base, "Operating Range".
Coarse Aggregate	- Gradation Test.
Other Fill or Aggregate	- Tenant to comply with appropriate regulatory requirements.

The frequency of the tests will be no less than 1 test per 10,000 tons of material that is processed into aggregate or other materials. The testing will be performed by an independent agency, selected by Tenant, subject to approval by Port's Chief Harbor Engineer.

Cost: Not to exceed \$550 per test

ITEM 5. Provide Hazardous Materials Testing

Test products produced from the Existing Stockpile materials as follows:

Collect one discrete sample for each 10,000 tons of product, comprised of a particle size distribution representative of the subject product and analyze the sample for CAM17 metals, asbestos, total petroleum hydrocarbons and benzene, ethylene, toluene and xylene (BETX). The testing will be performed by an independent agency, selected by Tenant, subject to approval by Port's Risk Manager.

Tenant's Operations Plan will be required to include a contingency plan describing Tenant's proposed protocol for responding to test results indicating the potential presence of chemical constituents exceeding applicable standards, including segregation, containment, characterization, storage, and disposal.

Results in excess of regulatory levels will result in a cessation of crushing operations and subsequent development of protocols with Port staff to properly Investigate and Remediate identified Hazardous Materials.

Cost: Not to exceed \$650 per test, excluding third-party costs to Investigate and Remediate.

ITEM 7. Remediate Concrete Foundation and Remediate Underlying Soil

Provide all labor and equipment to remove an existing concrete foundation, test, and segregate petroleum-impacted soil. Segregate and store in a closed container or visqueen-covered stockpile any visibly stained soil beneath the concrete foundation; test material as-needed; and transport off-site for disposal. Port will be considered the generator of petroleum-impacted soil and sign appropriate shipping papers or manifests.

Cost: Not to exceed \$5,000

The costs above includes costs for Handling and Investigating soils segregated for disposal, but exclude unit costs for transportation and disposal of Class I (hazardous), Class II and Class III (non-hazardous solid) waste to appropriate disposal facilities.

Class II (California Special Waste) Material

Unit costs for disposal of Class II materials (should any be identified by testing) to an appropriate landfill, for quantities up to 1,000 tons. Port will be considered the generator of Class II material.

Cost: Not to exceed \$40 per ton

Class I (California Hazardous Waste) Material

Unit costs for disposal of Class I materials (should any be identified by testing) to an appropriate landfill, for quantities up to 1,000 tons. Port will be designated as the generator of hazardous waste identified by testing. All hazardous waste removed from the Premises will be manifested, shipped and disposed of under Port's site-specific Hazardous Waste EPA identification number.

Cost: Not to exceed \$90 per ton

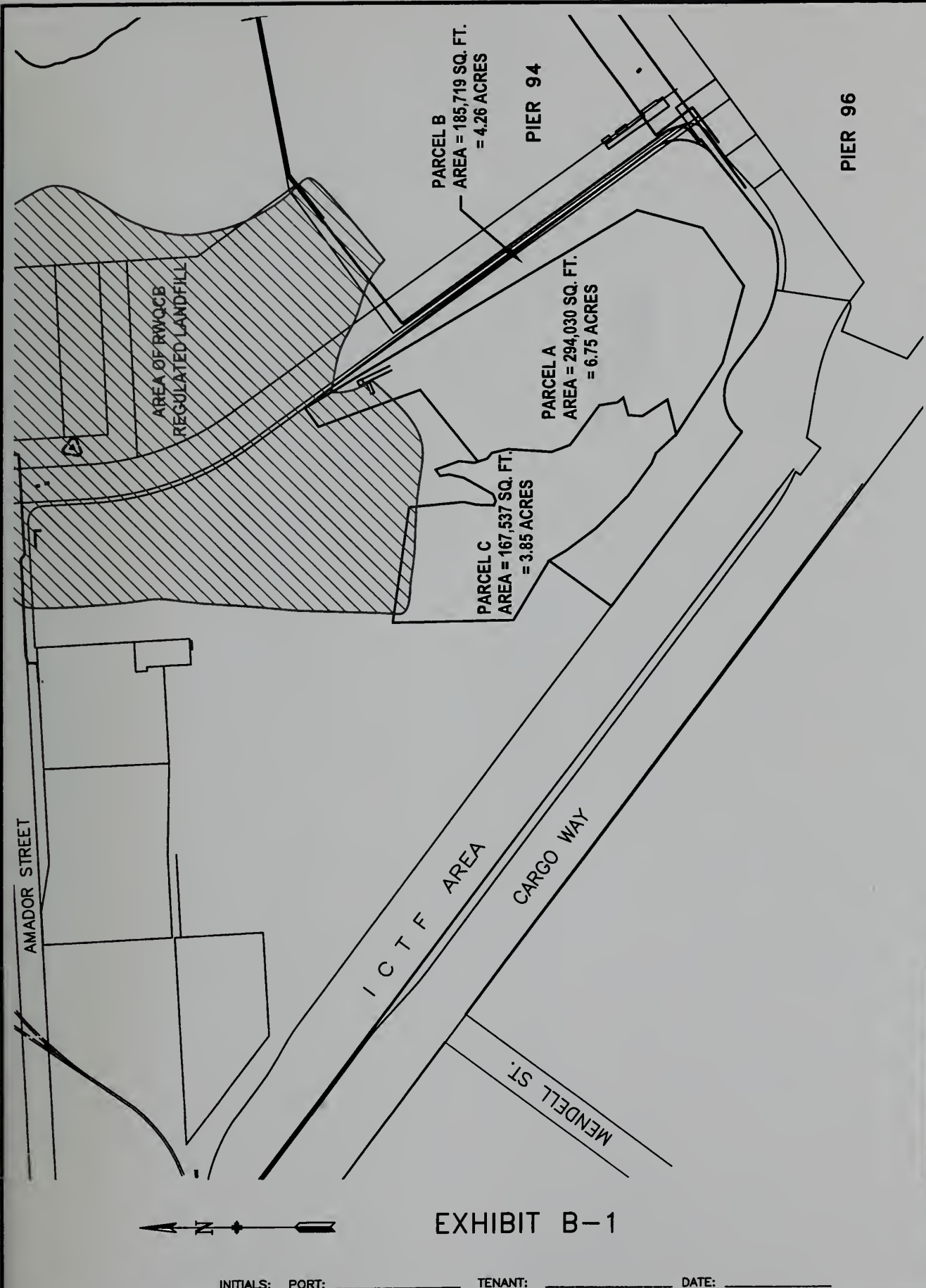
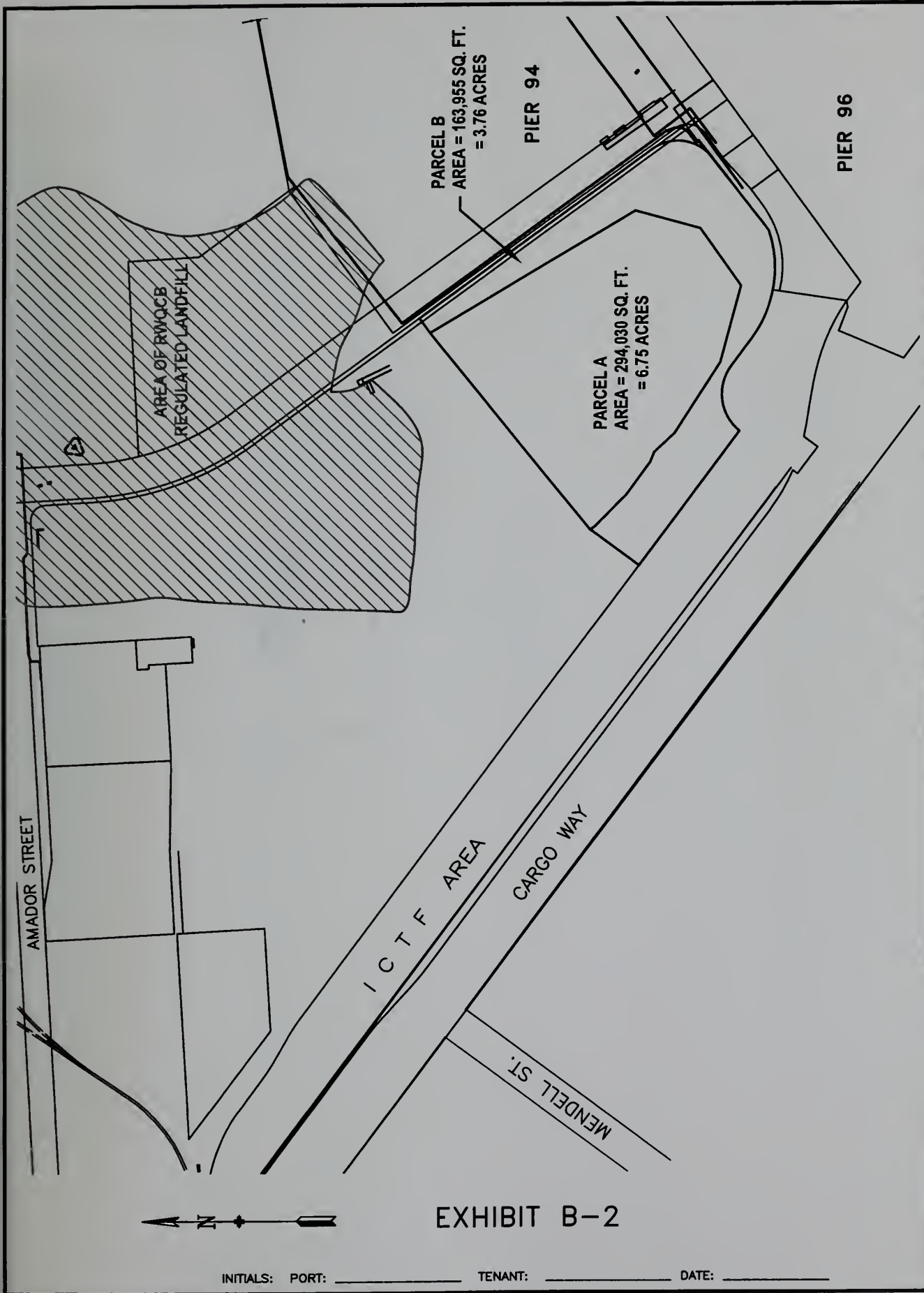


EXHIBIT B-1

INITIALS: PORT: _____ TENANT: _____ DATE: _____

LICENSE NO. SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	LICENSEE SUSTAINABLE CRUSHING VENTURES, INC.		DRAWN BY: AM CHECKED BY: B. BENSON PLACE CODE NO.	DATE: 6/17/00 SCALE: 1" = 300' SHEET NO. 1 OF 3 SHEETS
			3520-00	



LICENSEE	DRAWN BY: AM		DATE: 8/17/00
	CHECKED BY: B. BERSON 8/17/00		SCALE: 1" = 300'
SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	PLACE CODE NO.		3520-00
	SUSTAINABLE CRUSHING VENTURES, INC.		SHEET NO. 1 OF 3 SHEETS

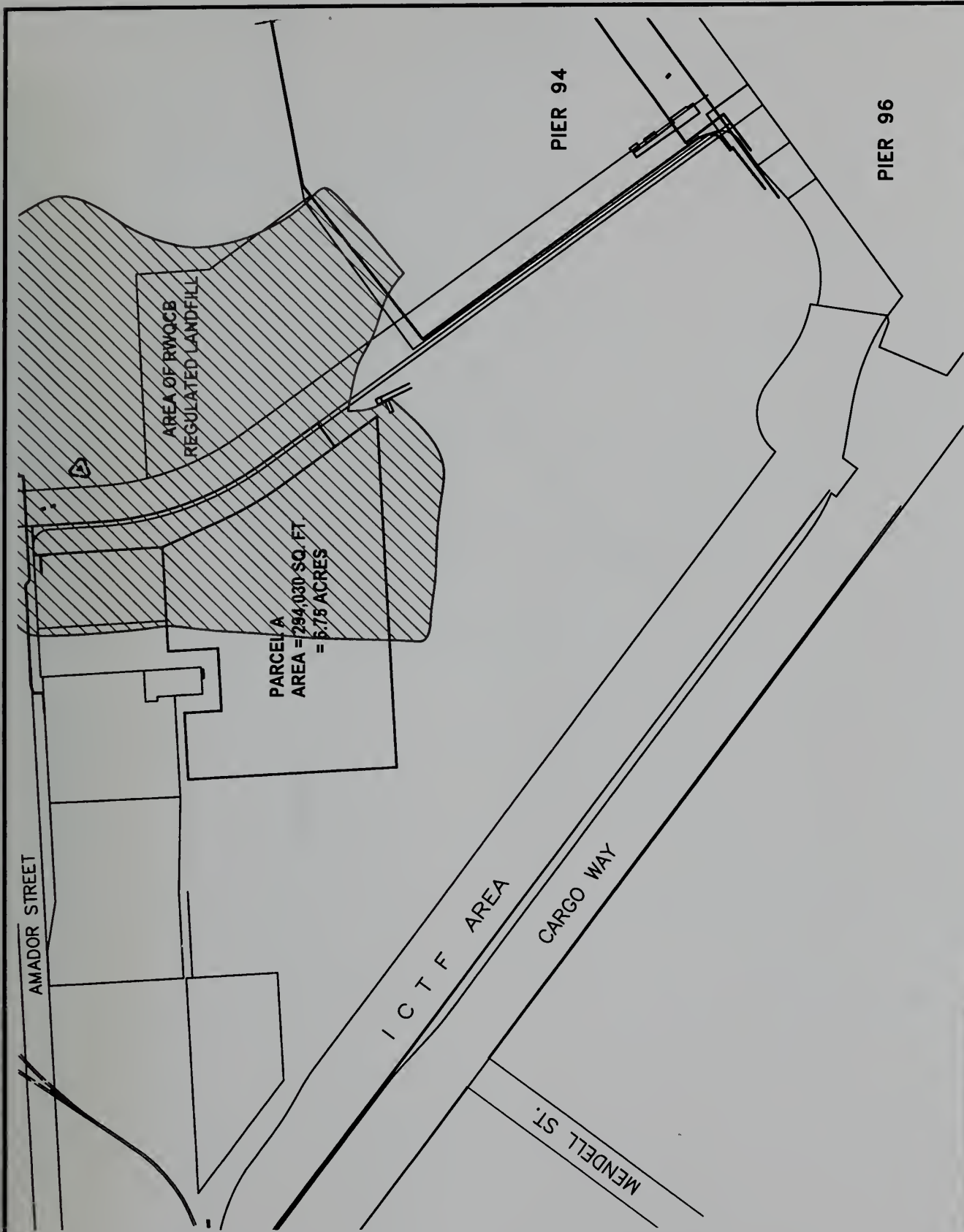


EXHIBIT B-3

INITIALS: PORT: _____ TENANT: _____ DATE: _____

LICENSEE SUSTAINABLE CRUSHING VENTURES, INC.	DRAWN BY: AMN CHECKED BY: B. BENSON 8/7/98 PLACE CODE NO.	DATE: 8/7/98 SCALE: 1" = 300' 3520-00	SHEET NO. 1 OF 3 SHEETS
	LICENSE NO. _____		

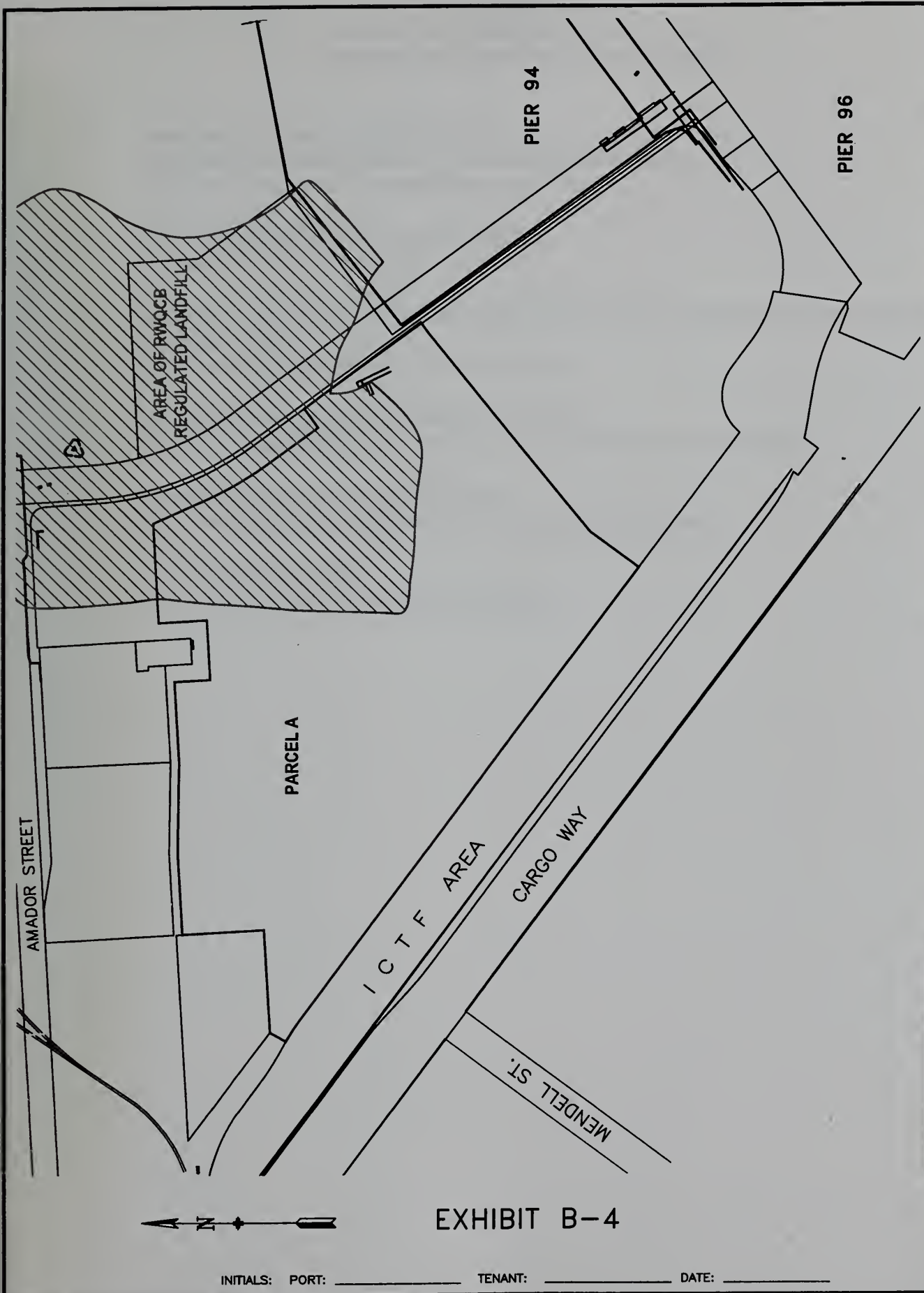


EXHIBIT B-4

INITIALS: PORT: _____ TENANT: _____ DATE: _____

LICENSEE SUSTAINABLE CRUSHING VENTURES, INC.	DRAWN BY: AM	DATE: 8/17/00
	CHECKED BY: B. BENSON	SCALE: 1" = 300'
SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	PLACE CODE NO.	3520-00
	SHEET NO. 1	OF 3 SHEETS

Exhibit C:
Sustainable Crushing Ventures, Inc.
Permits and Regulatory Requirements

- 1 Inert Debris Type A – Notification Tier
 Department of Public Health, Local Enforcement Agency
 California Integrated Waste Management Board
- 2 Permit for Solid Waste Transfer Station
 Department of Public Health
- 3 Hazardous Materials Unified Program Agency Permit, including Hazardous Materials
 Business Plan
 San Francisco Department of Public Health
- 4 California Environmental Quality Act (CEQA)
 San Francisco Planning Department, Major Environmental Analysis
- 5 Stormwater Pollution Prevention Plan
 San Francisco Bay Regional Water Quality Control Board
- 6 Air Permit To Operate
 Bay Area Air Quality Management District



MEMORANDUM

February 18, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique A. Moyer
Executive Director

SUBJECT: Request for Authorization to partner with the San Francisco Conservation Corps in an application for Proposition 84 grant funding not to exceed \$87,000 to support construction of the Amador Street Swales project.

DIRECTOR'S RECOMMENDATION: Adopt Attached Resolution

Introduction

Port staff requests that the Port Commission authorize a partnership with the San Francisco Conservation Corps (SFCC) to apply for grant funding under the California Proposition 84 program to complete the Amador Street Swales project. The Amador Street Swales project currently faces a budget shortfall of approximately \$69,000. Labor and materials provided by the SFCC and paid for through the Proposition 84 grant address will complete the landscaping portion of the project and create a \$40,000 reserve that will be applied to on-going maintenance of the swales.

The Proposition 84 grant program requires that grantees commit to provide on-going maintenance for a period of ten years after project completion. Specific to the Amador Street Swales project, maintenance will include ongoing landscaping activities such as weeding, replacement planting and irrigation - efforts currently administered through the Port's maintenance division. This staff report requests authorization for the required maintenance commitment. Maintenance of the swales will require twenty to thirty hours a year of a gardener's time (less than \$2,000 per annum). As gardeners are already maintaining similar landscape features along the Southern Waterfront, the grant obligation does not present a serious commitment of Port resources.

This Print Covers Calendar Item No. 10A

Background

The Amador Street Swales project is one of a series of environmental justice initiatives currently underway along the Port southern waterfront in coordination with Supervisor Sophie Maxwell's office. The project comprises a series of vegetated channels and appurtenant landscape improvements that will convey and treat stormwater runoff from the recently constructed extension to Amador Street that connects Pier 92 to Pier 94 along the Port's southern waterfront. The swales and immediately surrounding area will be landscaped with native grasses, bushes and trees. The Amador Street Swales will provide landscape open space amenities along Amador Street and will eventually help link wildlife habitat between wetlands at Pier 94 and Heron's Head Park. The Engineer's cost estimate for the Amador Street Swales project is \$211,100, which exceeds currently available funds by approximately \$41,500. The project, originally slated to initiate construction in Fall 2008, has been put on hold until the funding shortfall is addressed.

In October 2008 representatives from the SFCC approached Port staff with an inquiry as to whether any pending or on-going Port projects included a landscaping component that could be performed by SFCC employees using California Proposition 84 funds. Proposition 84, the 5.4 billion dollar "Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006" (Safe Drinking Water Bond), has reserved funding for projects relating to natural resource protection and water pollution control. SFCC staff has been successful previously in securing Proposition 84 funds for landscaping projects, and is currently under contract with the Port to provide landscaping services along the waterfront.

The Amador Street Swales project promotes policy goals articulated in the Proposition 84 charter, and as such was viewed as an ideal candidate for funding. In partnering with the SFCC, the Port also achieves local policy goals related to promoting employment and professional development among youth in the Bayview-Hunters Point neighborhood. Work performed by the SFCC using the Proposition 84 grant funds will be separate from that performed subject to the Port's current youth employment contract with SFCC,

The Port and SFCC presented the project to the Proposition 84 grant administrator at the California State Water Resources Control Board in December 2008, and have received tentative approval for \$87,000 in funding pending completion of this year's California state budget process. In order to complete the grant application, SFCC needs a letter of support from the Port providing:

- 1) authorization for SFCC to implement the project; and
- 2) documentation of the Port's commitment to maintain grant-funded site improvements for ten (10) years

Port staff seeks Port Commission approval to maintain the grant-funded site improvements for ten years.

Scope of Services

The SFCC offers young people opportunities to develop themselves through job training and education programs, while addressing community needs through service work. Corps members work in teams on landscaping, recycling, playground renovation and community education projects that enhance the environment of San Francisco.

SFCC staff will provide labor and materials to landscape the Amador Street Swales. The cost allocation for the Amador Street Swales project is shown in Table 1. The Port will provide site grading, specialty contracting services and ongoing maintenance. This work and associated funding is separate from the Port's existing Youth Employment Contract with the SFCC.

Funding

The Amador Street Swales project is currently funded through Port capital project account CPO764-01 ("Environmental Justice Projects") in the amount of \$169,545. Under the proposed agreement with the SFCC, the Port will pay for site grading and specialty contract work totaling \$124,000. Proposition 84 funds would pay for \$69,000 in landscaping work. The addition of grant funding will allow for approximately \$40,000 of CPO-764-01 funds to be reserved for providing ongoing maintenance of the swales. The grant application includes a request for \$18,100 in overhead and contingency funds.

Table 1: Proposed Cost Allocation for Amador Street Swales Project

Work Task	Cost	Lead Agency
Clearing and Grubbing and Grading	\$45,000.00	Port (staff)
Install Culverts, Headwalls and Inlets	\$26,000.00	Port (contractor)
Asphalt Work	\$11,000.00	Port (contractor)
Install Irrigation System	\$17,000.00	Port (contractor)
Landscaping Soil and Amendments	\$25,000.00	Port (direct purchase)
Landscaping Labor Costs	\$62,000.00	SFCC (Prop 84 Funds)
Purchase Landscaping Material	\$7,000.00	SFCC (Prop 84 Funds)
Grant Overhead	\$10,200.00	SFCC (Prop 84 Funds)
Contingency	\$7,900.00	SFCC (Prop 84 Funds)
Ongoing Maintenance	\$40,000.00	Port (staff)
Project Total	\$251,100.00	
Funds Available	\$256,545.00	

Port Commission Action

Port staff seeks Port Commission authorization to partner with the San Francisco Conservation (SFCC) to apply for Proposition 84 grant funding and to provide ten (10) years of maintenance for the swales once they are completed. If funding is granted, Port staff will return to the Port Commission for acceptance of the grant and contracting with SFCC.

Prepared by: John Mundy, Utility Specialist
Port Engineering Division

For: Ed Byrne, Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-10

WHEREAS, The Port of San Francisco has committed to constructing vegetated swales along the Amador Street Extension connecting Pier 92 to Pier 94; and

WHEREAS, The Engineer's Cost Estimate for the final Amador Street Swale design exceeds currently available funds; and

WHEREAS, The San Francisco Conservation Corps has offered to partner with the Port in an application for a Proposition 84 grant that, combined with currently available funds, will provide funding necessary to complete the project; and

WHEREAS, Proposition 84 grant funds are administered by the California State Water Resources Control Board and require that applicants commit to maintaining funded improvements for ten (10) years; now, therefore be it

RESOLVED, That the Port Commission hereby authorizes the Executive Director to apply jointly with the San Francisco Conservation Corps to the California State Water Resources Control Board for \$87,000 in Proposition 84 grant funds for the construction and maintenance of vegetated swales along the Amador Street extension connecting Piers 92 and 94; and, be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director to make a commitment to the California State Water Resources Control Board that the Port will maintain the vegetated swales for a period of ten years after completion.

I hereby authorize that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 24, 2009.

Secretary



MEMORANDUM

February 18, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique A. Moyer
Executive Director

SUBJECT: Informational Presentation on commencement of Embarcadero Design Standards Study – to review function and develop Standards to improve the quality of the pedestrian environment on The Embarcadero Promenade.

DIRECTOR'S RECOMMENDATION: Information Only - No Action Required

Overview

The Embarcadero Design Standards is a project to evaluate and improve The Embarcadero Promenade/Herb Caen Way as a pedestrian circulation corridor and access way to Port facilities, and to further respond to the Port's mission of attracting people to the waterfront. The *Design and Access Element* of the *Waterfront Land Use Plan* provides context for the Embarcadero Design Standards (Standard), which are intended to provide more specific guidance to direct public improvements, and design criteria to guide Port tenant improvements within the Promenade. The Standard will be developed through a public process and proposals will be presented to the Port Commission, the Waterfront Design Advisory Committee, and in public workshops prior to seeking Port Commission endorsement.

Background

The Embarcadero Promenade/Herb Caen Way is the walkway on the waterside of The Embarcadero Roadway that currently extends from AT&T Ballpark at China Basin Channel to Pier 39 in the north. The completion of the Pier 43 Bay Trail Promenade project, one of the waterfront open space projects funded by Proposition A February 2008, will effectively extend the Promenade into Fisherman's Wharf, to Pier 45. At almost three miles long and providing more than 15 acres of public space, The Promenade is the spine that connects all northern waterfront parks and destinations and the place where many form their impressions of the waterfront.

This Report Covers Calendar Item No. 11A

The Embarcadero Promenade was designed as part of the transformation of The Embarcadero from an industrial service road serving the piers, to a grand urban boulevard. Planning began in the mid-80's, and improvements were constructed from 1993 through 2000. Previously, the waterfront was largely inaccessible to pedestrians, cut off by the elevated freeway and numerous rail tracks, and there was little reason for many to cross The Embarcadero. Today the Promenade is a heavily used public space and its use is expected to grow substantially as the Port continues to develop waterfront projects. As the only access to the Port's piers, The Promenade is not designated as a City sidewalk for exclusive pedestrian use; it must still accommodate maritime access and allow for bicycles. Thus, The Promenade is a multiuse pathway where during peak times conflicts may exist between many users as they compete for space. Currently, the useable circulation of The Promenade is reduced due to the varied placement of light poles, signs, litter receptacles, bike racks and public art. One of the key purposes of the Standard is to evaluate and recommend modifications to the location and installation of fixtures and street furniture to maximize public circulation and access along The Embarcadero Promenade.

Since the Promenade's completion, many Port tenants and Port partner developers have proposed to add various site furnishings such as benches, café enclosures, awnings to bulkhead buildings, street trees and planters. For the most part the Port has not authorized these installations due to a lack of having consistent standards. The *Design and Access Element* of the *Waterfront Land Use Plan* sets a framework for design of public improvements along The Embarcadero, recognizing the importance of achieving a cohesive appearance for this important public space. The intent of the Standard is to provide more specific definition on the types and conditions under which such tenant improvements of public space should be allowed. The Standard also will be developed with an understanding of the relationship between such installations and the need to be compatible with the Embarcadero Waterfront National Register Historic District.

Thus, the purpose of the Standard project will be to develop policies and design criteria to:

- Enhance value of Port facilities with a well designed Promenade that is functional and aesthetically complementary to the waterfront environment;
- Develop clear design direction for public-serving improvements along The Embarcadero for use by tenants, developers, staff, the Waterfront Design Advisory Committee and BCDC's Design Review Board, and the Port and BCDC Commissions;
- Define and simplify the design review of public space installations and ensure they are consistent with the character of the Embarcadero Historic District; and
- Continue Port efforts to provide responsible stewardship of The Embarcadero.

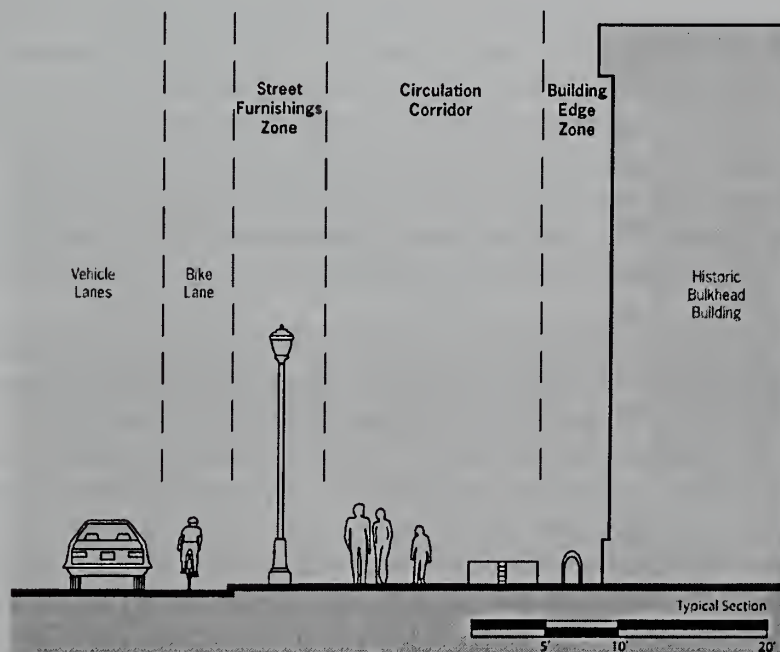
Study Analysis

The Standard study will rely on established policies, principles and design criteria adopted in the *Waterfront Design & Access Element*. In particular, the *Waterfront Design & Access Element* contains a policy to prepare design criteria consistent with the Public Access and Open Space policy "Character" in the *Waterfront Design & Access Element*, which states open spaces are to be designed as "*an architectural backdrop to the waterfront's spectacular natural and built features*". This policy shall direct the architectural character of design criteria for site furnishings. The *Waterfront Design & Access Element* also

contains four general design principles to direct design criteria that state open space improvements should be:

- Functionally Appropriate – first be functionally appropriate for their intended purpose.
- Character – complement and enhance the waterfront setting.
- Durability – materials should be selected and designed for permanence, waterfront conditions and a high level of public use.
- Maintainable – open space elements should be designed for achievable maintenance requirements.

The Embarcadero shares a layout and function common to the great boulevards of the world: it has a central circulation space, a building edge zone to offer identity to tenants and facilitate building entry, and there is a curb zone where there are street lights, signs and other street furnishings.



The Promenade will be analyzed in these three zones and the Standard is expected to lead to amendments to the *Waterfront Design & Access Element* and possibly other Port codes to include:

- Identification of changes to improve the circulation function of The Promenade and access to Port businesses on the piers, including consideration of removing certain elevated segments of the Art Ribbon;
- Criteria for adding sidewalk café furnishings adjacent to bulkhead buildings;
- Standards for adding site furnishings (e.g. benches, bike racks, litter receptacles, bollards, planters, sidewalk cafés, and awnings and canopies on bulkhead buildings) along The Promenade to further its visual identity and enhance the pedestrian experience of visiting the waterfront; and

- Standards for adding signage, public art, event banners, and other improvements that contribute to the quality of the waterfront.

Ferry Building Area

It is anticipated that the Standard study will include a tailored address of design standards specific to the Ferry Building frontage along The Embarcadero. Design criteria for the Ferry Building area will be different from The Promenade to reflect the special architectural and civic character of this waterfront location. Ferry Building design criteria will be prepared to address café furnishing improvements requested by Embarcadero facing tenants that include overhead weather protection, café railings, wind screens, planters, signage and lighting.

Community Outreach

Staff has conducted a detailed review of the existing conditions along The Promenade, as context for developing the Standard project, and have researched many other waterfronts internationally. Following the Port Commission presentation on February 24, 2009 there will be a presentation on March 9, 2009 at the joint meeting of the Waterfront Design Advisory Committee and BCDC's Design Review Board to review this information and proposed approach for the Standard. The Port also will hold public workshops beginning this spring to review the existing conditions of The Promenade, analyze The Promenade's evolved function, and contribute to the development of policies and design criteria. The Port will solicit public comments and inputs for Standard proposals, which will be further reviewed at public meetings of these design review boards and presented to the Port Commission later this year, prior to seeking endorsement and approval.

The Standard proposal also will be presented for comment and discussion to the Embarcadero Transportation Task Force. This Task Force was formed to examine how The Embarcadero could best serve the changing land uses and transportation demands, including pedestrian circulation along The Embarcadero Promenade. The Standard are intended to address the shared use *pedestrian* area on the bay side of The Embarcadero Roadway consistent with the goals of the Task Force. Port staff also will coordinate with the San Francisco Planning Department to craft the Standard so that it provides design guidelines consistent with the *Better Streets Program* currently underway at the Planning Department.

Funding

The Standard will be developed primarily by Port staff. Minor supporting studies such as evaluation to changes in the Art Ribbon and changes to street signage may be requested later this spring to be funded out of the Port's FY 2008-09 Planning & Development Operating Budget for Professional and Specialized Services.

Prepared by: Dan Hodapp, Senior Waterfront Planner



MEMORANDUM

February 19, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request approval (1) to award the SWL 351 development opportunity at Washington and The Embarcadero to San Francisco Waterfront Partners II LLC and (2) to enter into exclusive negotiations to explore a mixed used development project combining SWL 351 with the adjacent privately owned Blocks 168, 171 and 201

DIRECTOR'S RECOMMENDATION: Adopt Attached Resolution

EXECUTIVE SUMMARY

This staff report provides information on the result of the Request for Proposals ("RFP") offered in 2008 to develop SWL 351, currently a surface parking lot, located on The Embarcadero at Washington Street. This report analyzes the qualified and responsive proposal received from San Francisco Waterfront Partners II LLC (SFWP). SFWP has proposed to combine SWL 351 with the adjacent privately owned Golden Gate Tennis and Swim Club (GGTSC) site, for which it has an option to purchase. This proposal would allow the entire block bounded by The Embarcadero, Washington and Drumm Streets to be developed as one 3.2 acre project.

Based on the analysis presented in this report, Port Staff recommends that San Francisco Waterfront Partners II LLC be awarded the opportunity to enter into an Exclusive Negotiation Agreement (ENA) with the Port for development of SWL 351 as part of a larger mixed use project.

This Print Covers Calendar Item No. 11B

BACKGROUND

Seawall Lot (SWL) 351 is a nearly triangular site with a 358-foot frontage along The Embarcadero Roadway with a mere 26-foot frontage on Washington Street. This site was identified in the Waterfront Land Use Plan as a mixed use development opportunity site. On July 8, 2008, the Port Commission authorized issuing a Request for Proposals (RFP) for SWL 351 specifying development and design objectives and minimum financial terms. Extensive analyses of the site were presented in Staff Reports for the February 12, 2008, May 27, 2008, and July 8, 2008 Port Commission meetings.

Two proposals were received on December 19, 2008 from San Francisco Waterfront Partners II LLC (SFWP) and a development team led by Dhaval Panchal. Unfortunately on January 8, 2009, Mr. Panchal's group withdrew its proposal for a 200 room hotel project.

On January 13, 2009, the Port Commission received an informational presentation that included a summary of the outreach process for the RFP and a presentation by SFWP. Public testimony was also received.

SAN FRANCISCO WATERFRONT PARTNERS PROPOSAL

San Francisco Waterfront Partners II LLC is a joint venture between Pacific Waterfront Partners, LLC (PWP) and the California State Teachers Retirement System (CalSTRS). These same entities were the principals in the Piers 1½-3-5 Project completed in 2007.

The proposal includes two 8 story condominium buildings of 84' in height and containing approximately 140-170 residential condominiums as well as ground floor restaurants and retail spaces on the portion of SWL 351 south of Jackson Street. Skidmore, Owings and Merrill is the building architect. The landscape architect for the parks and open space is Peter Walker & Partners. A 48' wide portion of the site will become public open space, along the Jackson Street right-of-way. The portion of the site north of the Jackson Street right-of-way includes a one-story health club building with roof top pools and 4 outdoor courts.

An underground public parking garage with 90 to 250 parking spaces available for waterfront visitors is proposed under the combined site. Additional parking for the residential units will require a potential total subterranean parking facility of 420 spaces. A variant of the proposal includes an additional restaurant facing the proposed park. This optional restaurant and park areas are proposed as Port owned properties subject to the public trust. In exchange for that land, portions of SWL 351 would be transferred to SFWP. In addition to the proposed land swap, ownership of those portions of the underground public parking garage located under the privately owned land would be conveyed to the Port subject to a 66-year ground lease of the garage back to SFWP. The Port would participate in the revenue stream from public parking and the optional restaurant, if built.

The residential condominiums would be sold. The developer would lease the retail and restaurant portions of the project to private operators. The developer or future

transferee would own the private recreation club. The developer would operate the public parking garage and be responsible for all operating costs of the site, including the parks and public areas.

Appendix A provides a summary of the project and financial terms proposed. Drawings for the project were part of the January 13, 2009 Port Commission presentations. More detailed information from SFWP is posted on the Port's project website, www.sfport.com/swl351.

PROPOSAL EVALUATION PROCESS

Port staff, aided by consultants and an evaluation panel, evaluated the SFWP proposal using the criteria provided in the RFP as shown in Table 1. As only one proposal was evaluated, its consistency with each of the RFP criteria was assessed qualitatively rather than using a numeric scoring system.

Table 1
SWL 351 RFP Evaluation Criteria

Developer Team Experience, Qualifications, and Financial Capability (30 Points)

- Experience in developing projects of comparable size, land use, visibility and expense, especially for projects located in the San Francisco Bay Area.
- Experience in securing entitlements for projects of comparable size, land use and visibility, including experience in organizing successful community participation and support, especially for projects located in the San Francisco Bay Area.
- Experience of respondent's team members and key personnel.
- The respondent's ability to finance the proposed project.
- The respondent's overall financial track record.

Proposed Development Design and Program (35 Points)

- Consistency of proposed design and use program with the design and development objectives.
- The design and architectural quality and constructability of the proposed design concept for this site.
- The reasonableness and feasibility of the respondent's proposed development concept in achieving the Port's objectives.
- The probability of obtaining approvals for the proposed design, given the physical and legal constraints on development.

Proposed Financial Terms (35 Points)

- The proposed annual rent for the site, which shall not be lower than the specified minimum rent.
- Additional revenues from all participation structures proposed.

The evaluation is discussed below. Supporting documents are provided in the appendices. Keyser Marston Associates (KMA) assisted by Robin Chiang provided a third party analysis of how well the SFWP proposal met the RFP Design and Development Objectives (Appendix B). Lawrence Brown of the Port's finance division reviewed the confidential financial statements and contributed to the financial analysis.

An evaluation panel of parties with experience in real estate economics, land use planning and architecture/urban design reviewed the proposal against the RFP objectives and criteria. This panel, with KMA and Staff, interviewed the SFWP team on January 30, 2009. Appendix C summarizes the panel's findings.

The evaluation panel consisted of:

- **Lisa Zayas-Chien**, Project Manager, Bayview Hunters Point Project Area, San Francisco Redevelopment Agency
- **Kurt Fuchs**, Senior Economist, Office of Economic Analysis, City and County of San Francisco
- **Cathy Merrill**, President, Merrill Morris Partners, a San Francisco based landscape architectural and planning firm. Cathy also serves as chair of the Northeast Waterfront Advisory Group

EVALUATION OF SFWP PROPOSAL

Experience, Qualifications, and Financial Capability

The development team has extensive experience with waterfront development in San Francisco and condominium development worldwide. PWP's principals were the managing partners in the following projects: Piers 1½-3-5, The Watermark, Embarcadero Center, the Pan Pacific (now JW Marriot) Hotel, and Marina Square (Singapore). High quality architects and other professionals are proposed for the project. The evaluation panel noted that PWP has not done a condominium project in San Francisco (although one of its key staff developed the Watermark for another firm and PWP has developed condominiums in other areas.) Overall, the evaluation panel and consultant analysis found that this is a very capable development team with an excellent track record for the type of project proposed.

SFWP is a single purpose development stage company formed with PWP as its managing member with one percent ownership interest and CalSTRS with a ninety-nine percent ownership interest. CalSTRS is a very large and seemingly financially strong pension fund. The total cost of the proposed Project represents only a small percentage of CalSTRS' investment portfolio (only 1.7 percent of its real estate assets and 0.3 percent of net assets). CalSTRS like all financial entities has been affected by recent market events. Though no financial statements are currently available past June 2008, CalSTRS, like all pension funds, invests for the long term, and current market disruptions might not affect its investment strategy or operations.

SFWP's proposed 8 Washington Project has an estimated total development cost of \$346 million. The Project will be financed by a combination of a construction loan and equity investment. Staff expect that this Project will require equity of at least \$87 million to \$121 million (25 to 35 percent of total development costs).

SFWP's proposal includes a letter from CalSTRS to the Port dated October 30, 2008 stating CalSTRS expects to make an equity contribution in the range of \$100 million for the Project and that it understood that a construction loan, construction guarantees, and

lease guarantees may be asked of CalSTRS. In a subsequent conversation with the CalSTRS investment officer, Port Staff confirmed that CalSTRS' investment committee approved a \$100 million investment in this Project with \$14 million expended to date. CalSTRS is actively involved in ongoing review of project direction and feasibility assessments. One of the contributions that CalSTRS brings to the Project is its creditworthiness in securing the predevelopment loan and construction funding. Port Staff's opinion is that CalSTRS has the financial resources and ability to provide the equity and, if needed, construction financing for the Project.

Given that CalSTRS' role is vital to funding the Project, Port Staff recommends that prior to execution of the ENA an updated commitment letter be received from CalSTRS indicating continuing interest in the Project and review of current financial statements.

Proposed Development Design and Program

Beginning with the Waterfront Land Use Plan and its Design and Access Element, Port Staff worked with the community to structure the design and development objectives in the RFP. The objectives strive to achieve a high quality project within the constraints of providing a minimum of 90 public parking spaces to serve the waterfront visitors.

The evaluation panel and the KMA analyses found that overall the proposed project is consistent with the Port's design and development objectives. Particular strengths of the project are:

- Reopening Jackson and Pacific Streets as pedestrian rights-of-way
- 90 to 250 waterfront visitor parking spaces to serve the Ferry Building but minimize impacts on The Embarcadero
- Active uses at the corner of Washington and The Embarcadero
- High quality design and materials
- Extensive open space
- Retention and upgrade of the non-conforming private recreational use that has a very loyal current user base

The evaluation panel and consultant analysis observed the project could better address the following objectives:

- To define the north edge of adjacent open space (Sue Bierman Park), new development should acknowledge the massing and street enclosure relationship with the bulkhead buildings across The Embarcadero (e.g., bold forms of similar height, constructed to The Embarcadero edge).
- Primary uses and pedestrian entrances should face The Embarcadero, and incorporate lighting and other amenities to create enlivened street activity.
- Activate and revitalize the waterfront edge during the evenings and weekends to complement the weekday office uses in the adjacent downtown buildings.

- Create an enlivened pedestrian experience along The Embarcadero and Washington Street by considering multiple uses and storefronts on the ground floor and well located public open space on the site.

The design review analysis found that, if compared to restaurants or retail uses, the private club and residential uses bring less of an enlivened pedestrian experience. The proposed design attempts to soften the interface between the public and private parts of the project through location of uses and design elements. An interesting design challenge is how to address the call for “bold forms” in the Port’s objectives with the desire for quality pedestrian experience.

Overall, the conceptual project design and use program meets the objectives of the RFP. Further design refinement will occur as the project moves forward.

Proposed Financial Terms

Starting one year after the commencement of operations of the parking garage, SFWP proposes to pay the greater of (1) a minimum rent of \$500,000 per year or (2) participation rent of 15 percent of the gross parking revenues (after tax) from the 90 public parking spaces and 15 percent of the rent received from the optional restaurant (if it is included in the Project). The minimum rent increases annually between 3 and 5 percent, unless comparable situations in the downtown market indicate differently. SFWP did not expressly state how the annual increases would be evaluated against comparable situations in the downtown market, leaving clarification of this to the lease negotiations.

The project pro forma does not show the Port receiving more than the guaranteed minimum rent (growing at the floor rate of 3 percent per year) for the full 66 years of the project. Staff and consultants identified a number of concerns with this projection – including the potential for higher parking income than shown and for growth in the restaurant rent over time. Staff recommends a thorough evaluation of the project economics and the potential for Port upside participation as part of the negotiation of the business terms of the project.

This project proposes to “swap” development rights on SWL 351 for privately owned portions of the combined 3.2 acre site so that the residential and most of the commercial portions of the final project will not be on Port owned land. After the proposed transfer, the Port would own park areas, the public parking garage, and the optional restaurant, if built. Such an exchange requires concurrence of the State Lands Commission that the proposed exchange serves the mission of the public trust to foster the public’s enjoyment of the waterfront and represents a fair market value transaction. Further policy, land use, and economic analyses will be needed to justify the public trust exchange.

Real estate valuation methodologies recognize a synergistic “assembly value” created by combining multiple parcels so that the value of the whole is greater than the sum of the parts. This may be particularly true here where adding SWL 351 to the privately owned land offers a much greater waterfront frontage. As the Port moves forward with considering this project on the combined sites, a fair market value analysis will be

needed to support the rent terms, which may differ from the rationale used to set the minimum rent for the RFP.

Although the proposal meets the minimum rent requirements of the RFP, the panel and consultant review raised questions as to whether the proposed increases to minimum rent, participation rent terms, and participation in sale or refinance proceeds are fully consistent with the terms of the RFP. The specifics of these deal points will be addressed in the term sheet for the project.

Overall, Staff finds that the financial proposal is responsive to the RFP and provides a sufficient basis for entering into negotiations for the project.

ADVISORY GROUP AND PUBLIC COMMENT

The Port has received substantial public comment on this proposed project. Public testimony was received at the January 13, 2009 Port Commission meeting, discussion ensued at the February 4, 2009 Northeast Waterfront Advisory Group (NEWAG), and 44 emails and letters have been received regarding this property. This section discusses the public comment received and the consideration at the NEWAG meeting on February 4, 2009.

Public Concerns

Appendix D includes the communications received about this project since the receipt of proposal in December 2008. Both in these communications and at the January 13, 2009 meeting, the Port has heard support for the project as well as concerns raised by citizens and neighbors.

Calls for the Port to move forward with the SFWP proposal cite the following reasons:

- High quality developer and design
- Public parking for farmers market and waterfront businesses
- Support for additional housing and restaurants
- Recognition of the extensive publicly accessible open space in the project
- Support for the Port realizing the goals of its capital plan.

There is still a vocal group of citizens that wants no change, or in particular, wants no change to the existing Golden Gateway Tennis and Swim Club. A number of concerns about process have been voiced. Questions continue about whether the Port should wait until the economy improves to undertake this project. Concerns are voiced about how the building heights will impact views and the pedestrian experience.

Citizens have called for an update of the Waterfront Land Use Plan prior to moving forward with the project. Staff notes that on December 9, 2008, the Port Commission heard a presentation that reviewed the status of the Waterfront Land Use Plan and identified areas in need of review. In particular, the area from Broadway to Northpoint Street, the Northeast Waterfront, was identified for further planning to address

transportation, land use, and other planning concerns. Port and City Planning Department Staff have been discussing the best manner in which to undertake this planning effort.

Northeast Waterfront Advisory Group Review

Prior to the receipt of proposals for SWL 351, NEWAG designated several of its members (Alec Bash, Diana Taylor, Carol Parlette, and Arthur Chang) to review the proposals closely and recommend how NEWAG should consider them and provide input to the Port Commission's process. The Committee reviewed the proposal and generated 22 questions. At the February 4, 2009, NEWAG meeting, Port Staff and SFWP partners provided answers to the questions.

Big picture items raised by the NEWAG subcommittee include how this effort relates to open space planning in the area underway by the Planning Department, how height issues will be resolved, what was the status of requirements to retain the club as part of the Golden Gateway project, questions on the feasibility of the project given constraints, and clarifying questions. Staff explained that the open space planning lead by Dean Macris and David Alumbaugh will focus on the current open spaces in the area: Sue Bierman park, Justin Hermann Plaza including the portion between Market and Mission and Harry Bridges Plaza. Initial information about these efforts will be available in April. SFWP provided answers to the other questions. Appendix E includes the questions and the response prepared by Port Staff and SFWP to the questions. It also includes response from SFWP to additional questions raised at the NEWAG meeting.

NEWAG members had a very brief discussion and then opened the conversation to public questions and concerns. Public comment received at the February 4, 2009 meeting was lively and is shown in Table 2 below. Including a brief presentation by SFWP, the SWL 351 discussion at the February 4, 2009 meeting lasted for almost two hours. NEWAG members asked for more time to consider their recommendation to the Port Commission and suggested there be a NEWAG meeting in March to further discuss this item.

On February 19, 2009, the Port Commission received a letter (see Appendix F) from Supervisor David Chiu calling for a planning process to consider the community concerns regarding this project and the potential for development on other Port surface parking lots along The Embarcadero. In other areas of the City, the Planning Department has successfully lead brief, focused community planning processes that resolved concerns regarding new development. The Port welcomes the Planning Department involvement in such a planning effort for its seawall lots between Washington and North Point Streets.

Port staff acknowledges the need to work further with the community to refine the project. SFWP has also indicated its interest in addressing concerns. At a March 2009 meeting of NEWAG, Staff would like to engage the community in a discussion of how to structure a successful planning effort to refine the proposed development project on the 3.2 acre site.

Table 2

Summary of Public Comment at February 4, 2009 NEWAG Meeting

Open space/ Amenities/Recreation

- Park is a bait and switch to remove public trust from SWL 351
- Loss to 600-700 kids using tennis courts in the summer
- Need a comparison of amount of open air recreation space currently to the future open air recreation space.
- GGTSC is not an exclusive private club: any one can join; nonmembers and guests attend
- 100% of the existing recreation must be replaced
- Pool users pitted against tennis players

Scale/Massing

- Density is great
- Creates a wall from the pedestrian perspective on west side of Embarcadero
- Tennis courts are a wall now
- Need open pedestrian circulation on west side of Embarcadero/ No buildings
- Remove wretched parking lots
- Can we reduce height?
- Concerns about 84 feet

Uses/Parking

- Parking supports the farmers market
- Why have egress on Washington which will bring traffic into the neighborhood put on The Embarcadero
- Challenge need for parking: where else in the city can you find parking?
- Look to bring uses to project support farmer's market
- More parking increases congestion and traffic. Is all the parking needed?
- Block 202/203 garage was too expensive. Why will this work
- Exploratorium EIR shows surplus of parking
- Mixed use is great
- Retain the public trust
- Price of housing/second homes will not support retail
- Retain public zoning

Process

- Need more time
- Coordinate with WETA expansion and Exploratorium technical study on parking
- Focus on SWL 351 only not GGTSC site/ Why combine 351 with GGTSC?
- Why tie up SW 351 rather than lease parking from Embarcadero Center and develop SWL 351 later?
- Not enough material provided for review
- What investigation has been undertaken of funding of project
- When will public trust requirements be analyzed?
- Is the lack of response to RFP due to feasibility of project?
- Work with the proposal in hand
- Need moratorium on development until the WLUP is reviewed

EXCLUSIVE NEGOTIATIONS PROCESS

The Port Commission, under its powers, and the terms of the RFP, has the sole discretion to award the development opportunity. Upon the Port Commission's award, Port staff and SFWP would negotiate the terms of an Exclusive Negotiation Agreement ("ENA"). As called for in the RFP, the ENA will contain time and performance benchmarks, including provisions for payment of liquidated damages and termination for non-performance, and provide for the developer to fund the Port's costs associated with project planning and review. The ENA will set forth the Port's commitment to not enter negotiations concerning the Site with any other party (other than for parking use) during the exclusive negotiation period.

During the period of exclusive negotiations, the following events are anticipated:

- Review and refinement of the proposed development project to respond to Port and public concerns.
- A lease and related documents for the lease and development of the site in a final form approved by the City Attorney's Office will be negotiated incorporating specific terms, including the Port's and developer's respective responsibilities, the economic parameters, development standards and requirements, and a performance schedule.
- The developer will complete its due diligence review of the site, finalize financial projections and complete preliminary site plans, including elevations and renderings for the site.
- The developer will secure financial commitments for the proposed project from lenders and/or equity sources and preliminary sublease commitments from proposed anchor tenants.
- The developer, with the Port's cooperation, will complete the project approval processes and any required environmental review.

The ENA is the agreement between the parties governing how the required agreements will be negotiated. It specifies time frames and milestones for Port Commission, Planning Commission and Board of Supervisors review and approval. It will also specify negotiation fees and recovery for Port project costs. Entering into negotiations is not an approval of the project, nor does it commit either party to the project. As outlined in the RFP and the SFWP proposal, numerous policy actions must be taken for this project.

If the Port Commission chooses to award this opportunity to SFWP, Port staff recommends entering into an ENA for a nine month period with two possible extensions of six months each. The initial nine months will allow time for additional community planning and development and publication of an environmental impact report considering the Project and possible alternatives.

In addition to the standard terms of a Port development project ENA, this ENA will address the following milestones for project review:

1. Engage in a **planning process** to respond to continuing community concerns about height and massing. This process will consider the entire 3.2 acre site.
2. Development of a **term sheet** for review and approval by the Port Commission.

That term sheet will include at a minimum the following terms:

- Guaranteed minimum rent (\$500,000 per year), annual increases, percentage rent and Port participation in sale and financing proceeds must be set at fair market value and must comply with the terms indicated in the RFP.
- The developer will be responsible for all development and operating costs of the project and any land exchange or lease agreement will include provisions to ensure the Port has no ongoing costs from this project in perpetuity.
- Port interest in the land will not be subordinated to any debt or claim.
- The transaction documents should include specific requirements for creating and retaining public parks, open space, active recreation and public parking as permanent conditions of the project.

3. Public trust analysis to consider the proposed transaction structure.

- Evaluation of the fair market value of SWL 351.
- Consideration of a hotel use in the project to further the enjoyment of visitors to the waterfront and reinforce the success of the Ferry Building waterfront.
- Review of parks, open space, and private recreation uses planned for the project to consider conformity with public trust. Consideration of requiring commitments from the developer to recreational programs and activities that are open to the public on a day use basis in both the indoor and outdoor spaces.

To verify that underlying premises of the SFWP proposal are still valid, the Port shall require and evaluate the following items prior to entering into the ENA:

- The most recent financial statements from SFWP, PWP, and CalSTRS.
- A current letter from CalSTRS indicating continuing commitment to the Project.
- A copy of the purchase contract or option agreement with Golden Gateway Center, a California limited partnership, the owner of the Golden Gateway Tennis and Swim Club site.
- A copy of the appraisal of SWL 351 that is referenced in the proposal.

RECOMMENDATION

Based on the assessment of the proposal using the RFP evaluation criteria, Port staff recommends that the Port Commission (1) award the SWL 351 development opportunity to San Francisco Waterfront Partners II LLC and (2) enter into exclusive negotiations to explore a mixed used development project combining SWL 351 with the adjacent site.

The attached resolution authorizes the Executive Director to enter into an ENA with SFWP that meets the terms stated above.

Prepared by: Kathleen Diohep, Project Manager
Jonathan Stern, Assistant Deputy Director, Waterfront Development
Lawrence Brown, Financial Analyst

For: Byron Rhett, Deputy Director, Planning & Development

Appendices

- A. Summary of SFWP Proposal
- B. Keyser Marston Associates Evaluation
- C. Evaluation Panel Summary
- D. Public Comments
- E. Responses to Clarifying Questions – NEWAG, Public, and Port
- F. Letter from Supervisor Chiu

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 09-12**

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and
- WHEREAS, The Port owns an approximately 27,937 square foot parcel at Seawall Lot 351 (SWL 351), located at Washington and The Embarcadero, which provides short-term parking to serve visitors to the waterfront; and
- WHEREAS, The Waterfront Land Use Plan included a development standard for SWL 351 to "Explore the possibility of obtaining economic value from Seawall Lot 351 by combining it with the adjacent Golden Gateway residential site [8 Washington Street] to provide expanded opportunities for mixed residential and commercial development;" and
- WHEREAS, The Port Commission held informational hearings on April 11, 2006, December 11, 2007, February 12, 2008, and May 27, 2008 on this opportunity; Staff conducted a public outreach workshop on April 14, 2008; and the Northeast Waterfront Advisory Group discussed policy options for this project on April 2, 2008 and provided input to the design and development objectives on June 4, 2008; and
- WHEREAS, On July 8, 2008, the Port Commission by Resolution No. 08-45 authorized and directed Port staff to issue a request for proposals for SWL 351 to achieve certain development objectives building upon the direction in the Waterfront Land Use Plan for the site; and
- WHEREAS, Pursuant to the RFP issued on November 10, 2008, two parties submitted timely proposals to the Port: San Francisco Waterfront Partners II LLC; and a development group lead by Dhaval Panchal (who later withdrew its proposal); and
- WHEREAS, Port staff convened an evaluation review panel of three persons with experience in real estate economics, land use planning and architecture/urban design to review the proposal against the RFP objectives and criteria and contracted with Keyser Marston Associates, Inc. (KMA) do a similar review; and
- WHEREAS, The evaluation panel, Port Staff, and its consultants (KMA) found that SFWP has the qualifications to undertake the project proposed, the proposed project complies with the development objectives identified in the RFP, and that the proposed financial terms meet the RFP terms as originally issued; and
- WHEREAS, The Port Commission has reviewed and evaluated the summary and analyses prepared by Port staff, the evaluation panel and KMA of the

SFWP proposal, has reviewed the Port staff recommendations set forth in the Staff Report accompanying this resolution, has considered the public testimony on January 13, 2009 and February 24, 2009 on this matter given to the Port Commission, and has determined that the proposal by San Francisco Waterfront Partners II LLC meets the requirements set out in the RFP and achieves the Port's objectives for SWL 351; now therefore be it

RESOLVED, That the Port Commission hereby awards to San Francisco Waterfront Partners II LLC the opportunity to enter into an Exclusive Negotiation Agreement (ENA) to explore including SWL 351 in a mixed use development project in combination with the adjacent site, and authorizes and directs the Executive Director of the Port, or her designee, to enter into an ENA consistent with the terms in the Staff Report accompanying this resolution and in such form as approved by the City Attorney, with the understanding that the final terms and conditions of any development agreement, lease or other transaction documents negotiated between the Port and San Francisco Waterfront Partners II LLC during the exclusive negotiation period will be subject to the approval of the Port Commission; and be it further

RESOLVED, That the Port Commission reserves the right, if negotiations with San Francisco Waterfront Partners II LLC are unsuccessful and do not lead to approval of a development agreement, lease and related documents to undertake other efforts including, but not limited to, issuing a new request for proposals, at the Port Commission's sole discretion; and be it further

RESOLVED, That entering into the ENA does not commit the Port Commission to approval of a final lease or related documents and that the Port Commission shall not take any discretionary actions committing it to the project until it has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act (CEQA); and be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director of the Port, or her designee, to waive or extend the times established in the ENA for performance specific objectives under the ENA including, without limitation, the right to condition such waiver or extension on additional performance objectives or other conditions required by the Port Commission in its sole discretion, provided that the extension does not extend the term of the ENA.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 24, 2009.

Secretary

Appendix A
Summary of San Francisco Waterfront Partners II LLC Proposal

Developer	<p>A partnership between Pacific Waterfront Partners, LLC (PWP) and the California State Teachers Retirement System (CalSTRS). PWP's principals were the managing partners in the following projects: Piers 1½-3-5, The Watermark, Embarcadero Center, the Pan Pacific (now JW Marriot) Hotel, and Marina Square (Singapore). Skidmore, Owings and Merrill are the architects on the SFWP team.</p>
Project Proposed	<p>An 8 story condominium building of 84 feet in height and containing approximately 70-85 residential condominiums as well as ground floor restaurants and retail spaces on the southern portion of SWL 351. A 48 feet wide portion of SWL 351 will be opened up as part of a new public open space, the Jackson Street Commons. The portion of SWL 351 north of the Jackson Street right-of-way has a one story health club building with roof top pools.</p> <p>Portions of the two buildings will extend onto land not owned by the Port by combining SWL 351 with the adjacent 2.5 acre Golden Gateway Tennis and Swim Club site that SFWP has an option to purchase. An additional 8 story residential condominium building with 70-85 units, underground residential parking, a rebuilt tennis and swim club with 4 outdoor courts, two swimming pools and 12,000 square foot fitness center, and public open space are proposed on the privately owned site.</p> <p>An underground public parking garage with 90 to 250 parking spaces available for waterfront visitors is proposed under the combined site. A variant of the developer's proposal includes an additional restaurant facing a newly created park. Both park areas and this optional restaurant would become Port owned properties.</p>
Recreation Club	<p>Golden Gateway Tennis and Swim Club to be rebuilt and transferred back to Golden Gateway Center.</p>
Club to include	<p>4 outdoor tennis courts (reduced from 9 currently). Two roof top pools and a 12,000 square foot fitness building.</p>
Financial Terms	<p>Minimum Base rental payment to Port of \$500,000 per year starting one year after commencement of parking garage operations.</p> <p>Participation Rent, the Port receives the greater of the Minimum Base Rent or 15% of parking garage gross receipts (net of parking taxes) and 15% of the optional restaurant rent, if built.</p> <p>Construction period rent of \$60,000 per year.</p> <p>Base Rent would be adjusted by CPI annually with the minimum range of 3% and maximum of 5% at each adjustment unless comparable situations in the downtown market indicate differently.</p>

In year 30 and every 10 years thereafter, rent is adjusted to fair market value.

At the time of a sale or refinance by developer, Port may elect to either "cash-out" its participation interest in the lease from net proceeds of sale or refinance and forego future percentage rent, or continue to receive percentage rent.

Under the ground lease and related transactional documents, the developer would assume all financial risks for development, entitlements, construction, maintenance/repairs, and operation of the project.

Financial Terms
Larger Garage

250 car public garage option changes several financial terms
Base rent is \$120,000 per year; CPI collared at 2% to 4%.

Port receives ownership of 90 spaces of garage only.

Port receives greater of base rent or 15% of gross receipts from the Port's share of the Public Garage (net of parking taxes) plus 15% of gross rent received for the optional restaurant, if built.

Management Plan

The residential condominiums would be sold. The developer (or future transferee) would secure tenants for the retail and restaurant portions of the project. The developer or future transferee would own the private recreation club. The developer would operate the public parking garage and would be responsible for all operating costs of the site including the parks and public access areas.

Transaction

Complex land swap where portions of SWL 351 would be exchanged for portions of the current Golden Gateway Tennis and Swim Club site. The land exchanged into the public trust and the remaining portions of SWL 351 would be owned by the Port and would provide public serving open space or visitor serving commercial uses.

In addition to the land swap, ownership of the public parking garage would be conveyed to the Port subject to a 66 year ground lease to SFWP. The Port would participate in the revenue stream from public parking. In the proposed variant structure, ownership of the additional 4,000 to 5,000 square foot restaurant would be conveyed to the Port subject to a ground lease to SFWP.



KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

To: Kathleen Diohep and Jonathan Stern
Port of San Francisco

From: Robert J. Wetmore, CRE
Robin Chiang, Robin Chiang & Company

Date: February 18, 2009

Subject: Evaluation of SWL 351 Developer Proposal

As consultants to the Port, Keyser Marston Associates, Inc. (KMA) and Robin Chiang & Company (RC), have evaluated the qualifications and proposal submitted by San Francisco Waterfront Partners (SFWP) based on the development objectives for the project identified in the Port's Request for Proposals (RFP) of November 10, 2008. KMA reviewed Financial Objectives; RC reviewed Design and Development Program Objectives.

The Port developed the development objectives through its public planning process. The design and development objectives for SWL 351 draw from the Waterfront Land Use Plan (WLUP), the Waterfront Design and Access Element (WDAE), market and land use context and community outreach, and also reflect the Port's Parking Agreement with the Ferry Building lessee. The RFP notes that successful development projects in San Francisco garner public support and strike a balance among revenue and development feasibility and public benefits, crafted to the specific site, neighborhood and market opportunity.

The Port identified three categories of development objectives for SWL 351: Design, Development Program, and Financial, for which evaluation by the consultants was requested. The accompanying matrix provides the consultants' conclusions in respect to whether the SFWP submittal was deemed consistent with RFP objectives. For each criterion, the consultants rated the submittal as either "Consistent," "Partially Consistent," or "Inconsistent" with the Port's development objective.

Summary

As discussed below, the consultants reviewed the submittal by SFWP in respect to 32 criteria identified by the Port in the RFP.

- In respect to Design Objectives, the consultants concluded that the submittal was Consistent with 14 criteria and Partially Consistent with 2 criteria;
- In respect to Development Program Objectives, the consultants concluded that the submittal was Consistent with 4 criteria and Partially Consistent with 3 criteria;
- In respect to Financial Objectives, the consultants concluded that the submittal was Consistent with 5 criteria and Partially Consistent with 3 criteria; additional information was deemed necessary to rate one criterion.

The submittal by SFWP was not deemed Inconsistent with any Port objectives stated in the RFP. Further, we conclude that for criteria rated as Partially Consistent, there is reasonable likelihood that these could be resolved to be Consistent with Port objectives through further elaboration of project plans and negotiation.

Design Objectives

Design Objectives for the proposal included evaluation of the overall character of the project and how it would support the physical environment of and around The Embarcadero and the intersection at Washington Street.

In the view of RC, SFWP's project succeeds in addressing these objectives through high quality and sophisticated design, incorporating the following:

- provides appropriate height and massing of the project in relation to bulkhead and neighboring buildings;
- respects view corridors and open space through deft handling of architectural composition and proportions as well as its landscape plan;
- reconnects the city with the waterfront by enhancing the pedestrian experience, minimizing curb cuts on major streets and mitigating the visual impact of surface parking with construction of below grade parking;
- meets standards for development set by the City, the Regional Water Quality Control Board and Port of San Francisco.

In view of the considerations noted above, the proposal is rated as Consistent with Design Objectives (B.1 through B.16 in the Port's RFP), with the exception of two criteria (B.5 and B.10), for which the proposal was rated as Partially Consistent; those criteria relate to the handling of the north edge of the adjacent open space (Sue Bierman Park) and location of a private club on the ground floor at the corner of Jackson and Pacific). The proposal is rated as not fully consistent with these criteria, as follows:

- Criterion B.5 states that "new development should acknowledge the massing and street enclosure relationship with the bulkhead buildings across The Embarcadero." The proposed project and bulkhead buildings provide strong and appropriately scaled street walls; however, the central courtyard between the two residential buildings facing Washington Street create a gap in the façade that may compromise the appearance of enclosure and backdrop for Sue Bierman Park.
- Criterion B.10 states that primary uses and pedestrian entrances should face The Embarcadero to enliven street activity. On The Embarcadero between Washington and Jackson Streets, the pedestrian façade is exceptionally transparent, accessible and lively. Between Jackson and Pacific, the ground floor is occupied by a private club the façade of which needs further development to be more attractive to pedestrians. Between Pacific and Broadway The Embarcadero fronts the proposed park.

Development Program Objectives

Achievement of Development Program Objectives for the proposal entailed evaluation of how the project would promote and enhance public access. In the view of the consultant, SFWP's project succeeds in addressing this concern as follows:

- provides ground floor retail uses and generous and well designed open space amenities;
- promotes pedestrian flow from the Ferry Building, Pier 1 and Sue Bierman Park by establishing a prominent corner destination in addition to the attractive building design;
- reconnects downtown with the waterfront through open space and street-front enhancements;
- accommodates the required 90 public parking spaces and minimizes traffic impacts on neighbors and The Embarcadero by providing access to the parking via Washington Street.



In view of the foregoing considerations, the proposal is rated as Consistent with four Development Program Objectives (C.1., C.2, C.5, C.6) and Partially Consistent with three Development Program Objectives (C.3, C.4, C.7). Criteria rated Partially Consistent include activation and potential generation of revenue to the Port to support the Port's public trust responsibilities (see Financial Objectives analysis for basis for the last determination). The proposal is deemed not fully consistent with criteria C.3 and C.4, as follows:

- Criterion C.3 calls for the project to activate and revitalize the waterfront edge during the evenings and weekends to complement the weekday office uses in the adjacent downtown buildings. The project's uses help activate The Embarcadero during off-hours; retail uses populate the sidewalk and residential uses put eyes on the street. However, luxury residences that may be intermittently occupied may result in fewer occupants than other housing, and would create less activity than a hospitality use.
- Criterion C.4 calls for the project to consider multiple uses and storefronts on the ground floor and well located public open space. The project's Washington Street frontage offers a wide range of amenities for pedestrians. The Embarcadero frontage offers excellent amenities from Washington to Jackson. In addition, the design of the open space is consistent with the scale and quality of nearby Sidney Walton Square, thus helping to relate the two by theme and proximity. However, the proposed private club between Jackson and Pacific offers restricted visual amenity that mainly benefits members rather than the public.

Financial Objectives

Financial Objectives include variety of factors, including the amount and certainty of compensation paid to the Port, and mitigation of potential Port financial exposure.

The SFWP proposal is Consistent with the Port's objectives in these essential respects:

- guarantees the stipulated minimum rent of \$500,000 per year, with increases over the term of the lease through increases to minimum rent and percentage rent;
- pays rent during the construction period and bonds to secure completion;
- compensates Port on a fully net basis, with the developer being responsible for all operating expenses;

- assumes of all financial risks entailed for development, entitlement, construction, and on-going operation;
- proposes development team that has requisite experience and capabilities to undertake the proposed project.

In respect to Criteria E.2, E.4, and E.5, the SFWP proposal is rated as Partially Consistent with Port objectives. Commentary on all financial criteria is as follows:

The Port's objective (E.1) is that the lessee pay annual minimum rent of \$500,000 per year after project stabilization. By proposing to pay \$500,000 per year beginning one year after commencement of parking operations, SFWP's proposal is Consistent with the Port's requirement for this criterion, since payment is not contingent upon any measure of actual financial performance of the project. *Whether the proposed amount of compensation offers adequate market-based recompense to the Port for the value of property interests that would be conveyed to SFWP would be subject to further review and negotiation if the Port decides to enter into negotiations with SFWP*; at this time, we have determined only that the developer's offer meets the minimum requirement established by the Port.

The Port's objective (E.2) is that the developer pay percentage rent (or other type of participation rent) calculated on the gross receipts of the project. In this respect, we deem SFWP's proposal Partially Consistent with the Port's requirements. SFWP proposes to pay rent to the Port equal to the greater of Base Rent and 15% of parking garage receipts (net of parking tax); therefore, their proposal does include a percentage rent provision in which rent paid is the greater of Base Rent and a percentage of revenues generated by the project. However, at the level of projected parking income, it is unlikely that the Port will receive percentage rent for much of the duration of the lease term (Base Rent will likely exceed Percentage Rent on a consistent basis, particularly as Base Rent will be adjusted annually).

The Port's objective (E.3) is that the developer pay rent to the Port during the construction period and bond the completion of the project. No minimum amount of compensation is stipulated in the RFP. SFWP has proposed rent payment of \$60,000 during the construction period. Industry standards for payment of land rent during the construction period vary, from minimum consideration to consideration equivalent to a relatively high percentage of Base Rent; however, payment of consideration during the construction period that is substantially less than Base Rent is common.

Therefore, we conclude that in this respect the SFWP proposal is Consistent with the Port's objective. In respect to a completion guarantee, SFWP has previously provided a

completion guarantee to the Port for the Pier 1 ½, 3, and 5 development and CalSTRS has acknowledged this requirement for this project in their communication with the Port.

The Port's objective (E.4) is that the lease structure provide for periodic increases in Base Rent and adjustments to fair market value. This criterion speaks to two distinct requirements for payment of compensation to the ground lessor (Port):

- The first factor affecting compensation is periodic adjustment of Base Rent. In this regard, the RFP indicates that "Base Rent shall increase with annual percentage increases in a range of no less than 3 percent to 5 percent. Respondents may propose base rent adjustments based on comparable situations in the downtown market." In response, SFWP has agreed to the Port's formulation but with the caveat that it must be tested against prevailing practice in the market; they have not stipulated an alternative that they believe is consistent with the market. Therefore, we rate their proposal as Partially Consistent in respect to this criterion. KMA notes that for long term ground leases, an annual adjustment to Base Rent is somewhat uncommon.
- The second factor affecting compensation is periodic reestablishment of rent based on market value; often, in a long term ground lease, the parties will negotiate market or fair rental value and, failing agreement, will submit to an appraisal process. Often (particularly to satisfy the requirements of lenders) the initial adjustment to fair market value will not occur before the 20th year, and, often, later. SFWP has agreed to an adjustment of Base Rent in year 30 and every ten years thereafter, which is Consistent with the Port's requirement.

The Port's objective (E.5) is to receive a share of the net proceeds that the developer receives from the sale, refinancing or transfer of the leasehold. In response to an inquiry as to how their proposal would be implemented, SFWP clarified their proposal, under which the Port would have an option at the time of sale or refinance of the lessee's interest, either to receive 15% of net proceeds from the capital event, in which case the Percentage Rent provision would be eliminated from future rent calculations, or to decline to receive the sharing from the capital event, in which case the Percentage Rent provision would remain in place. This could confer a net benefit to the Port (say, in a situation in which there was little Percentage Rent). Typically, however, the lessor would seek to secure both the stipulated income stream from Base and Percentage Rent, and the sharing in proceeds from a capital event (not either/or). Therefore, in this respect, we deem that SFWP's proposal is Partially Consistent with the Port's objectives.

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SFWP's proposal that all rent to the Port be triple net and that the lessee (or their successor, notably the homeowner association) would be responsible for all costs of operation of the project, including open space areas is Consistent with the Port's objectives (E.6). The developer also has indicated that the Port would not be expected to contribute to any capital costs of the project and that the developer will assume all financial risks from all aspects of the development process, from entitlements to development, and that these obligations will be appropriately secured, and, in these respects, as well, the proposal is consistent with Port objectives (E.7 and E.8). As a matter of due diligence, KMA recommends that SFWP be required to explicitly indicate that the arrangement with the Port will be fully unsubordinated in respect both to the Port's fee interest in real property and in respect to the payment of all forms of compensation.

SFWP's principals have the requisite experience in upper end condominium development, retail/restaurant, public uses, and subterranean parking development to fully qualify them to undertake development of Seawall Lot 351 and the adjoining property. Successful development by this group of Piers 1 ½, 3, and 5, in trying economic circumstances, is a good indicator of their capabilities to develop high quality projects on the waterfront. Therefore, we rate their qualifications as Consistent with the Port's objectives (E.9.) Further, we deem it likely that if other regional or national developers had come forth with proposals (see discussion below), the SFWP submittal would have been among the top finalists, taking into account both SFWP's qualifications and the quality of their proposal.

Market Timing of Port RFP

Port staff have requested that KMA comment as to whether the current financial crisis and decline in the overall economic situation have likely precluded participation of other development groups in the Port's current selection process for Seawall Lot 351. In our view, this is rather unlikely, for two reasons: First, the opportunity to develop property on The Embarcadero in San Francisco virtually across the street from the Ferry Building represents a prime opportunity in any market cycle. Second, sophisticated developers are well aware that the planning and entitlements process for this project will be time-consuming and arduous, and that actual development will surely occur, if at all, some years in the future, likely in a different economic cycle; therefore, they view the current market environment as a bad time to develop but a good time to plan.

Rather than the market cycle, it is much more likely, though somewhat speculative, that other prospective proposers chose not to submit for this opportunity due to SFWP's agreement with the adjoining property owner (Golden Gateway), which holds out the

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prospect of a comprehensive development of the combined site and consequent achievement of land use, programmatic, and financial objectives that would be unobtainable with development of a stand-alone project on the Port's property alone. An important practical aspect of this concern is the difficulty of providing 90 public parking spaces on the Port's small and awkwardly configured property, within the context of development of other uses on the property.

Overall Caveat/Project Feasibility

The SFWP financial pro forma provides for condominium sales averaging \$1,605 per square foot of saleable area, which SFWP has represented as necessary for project feasibility. Setting aside recent reductions in sales prices of luxury condominiums in San Francisco, the projected pricing is at the very upper end of the condominium market in the City, exceeding (as examples) average pricing at the Ritz-Carlton Club and Residences and the St. Regis and virtually all other projects, despite the absence of prime views in about half of the units in the proposed project. (Of course, pricing for selected units in other projects such as penthouse units on top floors has occasionally equaled or exceeded indicating pricing for these units).

Various factors affecting the pro forma, such as site and development costs, typically drive required pricing and will need to be reviewed at a later date if the Port decides to enter into negotiations with this developer.

Port of San Francisco
Seawall 351 Mixed Use Development Opportunity
Request for Proposals

DEVELOPMENT OBJECTIVES

Objective	Consistency/ Port Objectives	Comments
"B." Design Objectives		
<i>Overall Character</i>		
1. The design of new development should respect the character of the Ferry Building, The Embarcadero Roadway, the mid-Embarcadero open space improvements (Harry Bridges Plaza and Sue Bierman Park) and the Golden Gateway project. (WLUP)	Consistent	Architecturally superior design incorporating deep recesses, stone cladding and nautical wood trim reinterprets Ferry Bldg tradition.
2. Construct new development which complements the rich architectural character of the Embarcadero National Register Historic District and is complementary to the architectural features of the pier bulkhead buildings.	Consistent	Scale, proportion, modulation, materials and composition of buildings complement the historic setting without mimicry.
3. Reinforce the large scale (grand boulevard) of The Embarcadero by using bold forms, deep recessed building openings, and strong detailing on building facades facing The Embarcadero. (WDAE)	Consistent	Higher ceiling ground floor spaces provide large scale and bold forms that, for example, are evident in Golden Gateway and bulkhead buildings.
4. Consider emphasis on the corner of Washington and The Embarcadero in a manner that strengthens or enhances the Mid-Embarcadero open spaces and pedestrian experience.	Consistent	Cornor emphasized by tall openings and wrap-around cantilever awning and reinforced by proposed market restaurant.
<i>Height and Massing</i>		
5. To define the north edge of adjacent open space (Sue Bierman Park), new development should acknowledge the massing and street enclosure relationship with the bulkhead buildings across The Embarcadero (e.g., bold forms of similar height, constructed to The Embarcadero edge). (WDAE)	Partially Consistent	Proposed project and bulkhead buildings provide strong and appropriately scaled street walls. However the central courtyard facing Washington Street is a gap in the façade that compromises its appearance as an enclosure and backdrop for Sue Bierman Park.

Objective	Consistency/ Port Objectives	Comments
6. Maintain and enhance the view corridors along the Embarcadero and down Washington Street. Recognize the visual connection from the Ferry Building and Pier 1 to Coit Tower in a manner that preserves the iconic vista and acknowledges the landmark status of these sites.	Consistent	The project's site plan maintains important view corridors and its architectural treatment with discreet facades and residential scale openings relates strongly to Telegraph Hill's houses and reinforces a visual linkage that frames and enhances the view from The Embarcadero.
7. Propose a building height and massing that fits within the neighborhood context formed by the William Heath Davis Building of the Golden Gateway Center, the Golden Gateway Commons condominiums and the heights of the historic Piers 1 through Pier 5 bulkhead buildings. The perceived height of the building (including any roof top fixtures) will be evaluated in considering neighborhood context.	Consistent	The project's height is between that of neighboring buildings so that it provides a visual transition or stepping down from high (William Heath Davis Bldg.) to low (Golden Gateway Commons) while its architectural treatment makes it appear smaller than it is. The project's height, much lower than the Embarcadero is wide, and its façade treatment, residential or hospitality in scale, combine to reduce its visual impact on historic Piers 1 through 5.
8. Preserve open views and pedestrian access through landscaped improvements or waterfront serving activity that does not require a permanent structure (e.g., outdoor café, flower market, bike shop) along the sewer easement in the SWL 351 portion of the Jackson Street right of way.	Consistent	The project's site plan and landscape treatment preserve views and enhance the pedestrian experience.
9. Proposed design should consider the appearance of all rooftop equipment as seen from the street and the elevation of neighborhood buildings and hills. Consider active roofs, with careful placement of elevator towers that provide access to the roof.	Consistent	Proposed roof treatment is state of art and artistically considered.
<u>Reconnect the City with the Waterfront</u>		
10. Primary uses and pedestrian entrances should face The Embarcadero, and incorporate lighting and other amenities to create enlivened street activity. (WDAE)	Partially Consistent	On The Embarcadero between Washington & Jackson the pedestrian façade is exceptionally transparent, accessible and lively. Between Jackson & Pacific the ground floor is occupied by a private club the façade of which needs further development to be more attractive to pedestrians.

Objective	Consistency/ Port Objectives	Comments
11. Avoid blank ground floor walls along The Embarcadero and Washington Street by providing views into the ground floor of buildings. (WDAE)	Consistent	Windows have been proposed along most of the frontage—see #10 above.
12. Avoid service and parking access from The Embarcadero. (WDAE)	Consistent	Not only does the project avoid vehicle access on The Embarcadero, but commendably provides service access from within the site.
13. Design and locate parking facilities to minimize their aesthetic presence and impact on the surrounding area. Subsurface parking is not required.	Consistent	Subsurface garage has been proposed so the pedestrian environment will not be interrupted by curb cuts and the street walls will feature shops and lobbies instead of parked cars.
<u>Meet Standards</u>		
14. Utilize best efforts to meet or exceed the City's Green Building Standards and best sustainability practices.	Consistent	Project proposes to meet or exceed LEED Gold that exceeds the City's LEED Silver criterion.
15. Comply with Regional Water Quality Control Board performance criteria and Port's Storm Water Management Plan for the reduction of stormwater pollution impacts associated with newly constructed facilities.	Consistent	Project proposes 64% of the site with planted or permeable roof and ground treatments.
16. Reflecting the Port's commitment to encouraging diversity in design and construction contracting, the selected developer would be expected to work with the Port to establish local and small business utilization goals for subcontractor participation in the project.	Consistent	Proposal indicates commitment to fulfilling LBE goals; indicates experience in doing so by meeting subcontracting goals in connection with redevelopment of Piers 1 ½, 3 & 5. Indicates that various engineering, lighting, EIR, LEED, acoustical, other consultants will be LBEs, and that General Contractor and Subcontractors will exceed City's goals.
"C." Development Program Objectives		
1. Promote public enjoyment of and access to the waterfront by providing a destination that welcomes diverse users, including workers, San Francisco residents, and visitors to the waterfront and the adjacent public open spaces including Sue Bierman Park and Justin Herman Plaza.	Consistent	Proposed ground floor uses on Washington & The Embarcadero frontages are inviting to visitors. Proposed landscaped open spaces and their connections between streets enhance the visitor experience.

Objective	Consistency/ Port Objectives	Comments
2. Encourage pedestrian flow from the Ferry Building, Pier 1, Sue Bierman Park to the site and to the greater waterfront through project design, onsite public open spaces, location of parking, and appropriate uses.	Consistent	The project's excellent architecture and sensitively developed massing should help anchor the corner of Washington & The Embarcadero and provide visitors with a prominent land-side destination. Treatment of the corner with high quality materials and adept composition suggest landmark qualities that enhance the pedestrian environment. The ground plan encourages pedestrian flow through the site as well as to the garage.
3. Activate and revitalize the waterfront edge during the evenings and weekends to complement the weekday office uses in the adjacent downtown buildings.	Partially Consistent	The project's uses help activate The Embarcadero during off-hours. Retail uses populate the sidewalk. Residential uses put eyes on the street. However, luxury residences may result in fewer occupants per unit than lower income housing and less activity than a hospitality use.
4. Create an enlivened pedestrian experience along The Embarcadero and Washington Street by considering multiple uses and storefronts on the ground floor and well located public open space on the site.	Partially Consistent	The project's Washington frontage offers wide range of amenities for pedestrians. The Embarcadero frontage offers excellent amenities from Washington to Jackson. The proposed private club between Jackson and Pacific offers visual amenity mostly benefitting its occupants.
5. Reconnect the downtown and land side neighborhoods with the waterfront and make the area inviting to workers and local residents as well as visitors.	Consistent	The project's site plan reinforces connectivity between downtown and the waterfront, and the ground floor plan focuses uses to enliven that connectivity.
6. Provide a development program which includes no fewer than 90 parking spaces for visitors to the Ferry Building waterfront area. Operate parking in a manner to optimize utilization and minimize impact on traffic and the neighborhood.	Consistent	The project proposes minimum of 90 spaces in subsurface garage and provision for 250 total. Vehicle access on Washington should not conflict with major traffic flow and pedestrian access at Washington & The Embarcadero is the closest point to the Ferry Building.
7. Realize Port revenue to support the Port's public trust responsibilities, which include maintaining maritime uses, creating public-oriented activities and open space waterfront improvements, preserving historic maritime resources, and maintaining Port facilities.	Partially Consistent	See "E" below. Meets some/not all revenue objectives.

Objective	Consistency/ Port Objectives	Comments
"E." Financial Objectives		
<i>The developer must:</i>		
1. Guarantee an annual minimum rent of \$500,000 per year after project stabilization.	Consistent	Base Rent of \$500,000 begins one year after commencement of parking operations, meeting Port requirements for this criterion.
2. Pay percentage rent (or other type of participation rent) to the Port calculated on the gross receipts of the project.	Partially Consistent	The proposal contains a Percentage Rent provision but the percentage is set too low for there to be reasonable expectation for receipt of Percentage Rent (in addition to Base Rent) by the Port during most of the term of the lease. (It is more typical in ground leases that Percentage Rent will be set to exceed Base Rent.)
3. Pay rent to the Port during the project's construction and bond the completion of the project.	Consistent	The proposal contains provision for payment of rent of \$60,000 during construction; CalSTRS communication to Port evidences their agreement for guaranties.
4. Provide for periodic increases to base rent including cost of living increases and adjustments to fair market value.	Partially Consistent	The proposal provides for 3%-5% annual increase in Base Rent unless other situations downtown indicate otherwise; RFP requests that proposers <i>specify a base rent adjustment</i> based on the market. Therefore, proposal is deemed partially consistent. Proposal does provide for periodic adjustments to market value – in this respect, proposal is deemed fully consistent.
5. Pay the Port a share of the net proceeds that the developer receives from the sale, refinancing or transfer of the leasehold.	Partially Consistent	The proposal offers an option to the Port of either continuing to receive Percentage Rent or cashing out at time of sale or refinance. Though Port could benefit from exercise of option, typically land lessors will seek to maintain all forms of compensation and, in addition, share in proceeds from capital events.

Objective	Consistency/ Port Objectives	Comments
6. All rent must be net to the Port, with the developer being responsible for all operating expenses for the project and the site, including the public access areas.	Consistent	The proposal provides that rent would be triple net to the Port, inclusive of maintenance of public areas; need to clarify/negotiate quality level of public open space that would be responsibility of HOA.
7. By entering into an unsubordinated ground lease on an "as-is" basis, the developer will be required to make substantial capital investment in the project, including meeting all regulatory, building codes, and hazardous materials abatement requirements. The Port will not contribute to the costs of public parking in the project or extraordinary site conditions through rent credits or any other mechanism.	Additional Information Requested	The proposal does not entail contributions by the Port to project costs, including site preparation or remediation. However, the proposer needs to clarify that this will be an unsubordinated ground lease in two key respects: (1) Port's interest in real property; (2) receipt of all forms of compensation by the Port.
8. The developer will be required to assume all the financial risks of the development, entitlement, construction, maintenance/repairs, and operation of the project.	Consistent	Developer would assume all financial risks for development, entitlement, construction, maintenance/repair, and operation of project.
9. The developer must have extensive experience in the financing, development and operation of the proposed uses and demonstrate the capability to construct, operate and maintain the necessary building improvements.	Consistent	Developer has experience with high density residential development, retail and restaurant, and with development on the San Francisco waterfront. Financial qualifications separately evaluated by Port staff.

Appendix C – Evaluation Panel Review

SWL 351 Evaluation Criteria	Finding (Total of 3 Panel Members)	Comments (by Panel Members)
Developer Team Experience, Qualifications, and Financial Capability: Experience in developing projects of comparable size, land use, visibility and expense, especially for projects located in the SF Bay Area.	Qualified (3 panel members)	Specific Port and waterfront experience seems particularly valuable and positive Extensive experience locally and other locales, similar to proposed projects
Experience in securing entitlements for projects of comparable size, land use and visibility, including experience in organizing successful community participation and support, especially for projects located in the SF Bay Area	Qualified (2 panel members) Partially Qualified (1 panel member)	First residential condo for developer. Architect well versed in San Francisco
Experience of respondent's team members and key personnel.	Qualified (3)	
Demonstrated commitment to using local business enterprises in the proposed team and in past projects.	Qualified (1) Mostly Qualified (1) Partially Qualified (1)	Not enough information provided to determine strength of commitment
The respondent's ability to finance the proposed project.	Qualified (2) Partially Qualified (1)	Financially, an ambitious project.
The respondent's overall financial track record.	Qualified (3)	CalSTRS Commitment/qualified partner
Proposed Development Design and Program: • Overall Character	Consistent (2) Mostly Consistent (1)	Overall – seems to address all the various design/program requirements well
• Height and Massing	Consistent (2) Mostly Consistent (1)	
• Reconnect the City with the Waterfront	Consistent (3)	Very well
• Meet Standards for Green Buildings, Water Quality, and Local/Small Business Contracting	Consistent (3)	
• Development program objectives	Consistent (3)	Looks like a good design compromise (height/ open space), high quality design solution
• The design and architectural quality and constructability of the proposed design concept for this Site	Consistent (3)	
• The reasonableness and feasibility of the respondent's proposed development concept in achieving the Port's objectives.	Can Meet Objectives (3)	
• The probability of obtaining approvals for the proposed design, given the physical and legal constraints on development	Can Obtain Approvals (3)	
Proposed Financial Terms: • Proposed annual rent for the Site, which shall not be lower than the specified minimum rent.	Meets Minimum (2) Rent Represents Fair Market Value (1)	
• Additional revenues from all participation structures proposed.	Reasonable Participation (3)	More Upside? Percentage rent to cover other uses i.e. other retail, athletic club

SWL 351 Evaluation Criteria	Evaluation Rubric Used
Developer Team Experience, Qualifications, and Financial Capability: Experience in developing projects of comparable size, land use, visibility and expense, especially for projects located in the SF Bay Area.	Qualified -- Partially Qualified -- Not Qualified
Experience in securing entitlements for projects of comparable size, land use and visibility, including experience in organizing successful community participation and support, especially for projects located in the SF Bay Area	Qualified -- Partially Qualified -- Not Qualified)
Experience of respondent's team members and key personnel.	Qualified -- Partially Qualified -- Not Qualified
Demonstrated commitment to using local business enterprises in the proposed team and in past projects.	Qualified -- Partially Qualified -- Not Qualified
The respondent's ability to finance the proposed project.	Qualified -- Partially Qualified -- Not Qualified)
The respondent's overall financial track record.	Qualified -- Partially Qualified -- Not Qualified
Proposed Development Design and Program: <ul style="list-style-type: none"> • Overall Character 	Consistent – Partially Consistent – Not Consistent
<ul style="list-style-type: none"> • Height and Massing 	Consistent – Partially Consistent – Not Consistent)
<ul style="list-style-type: none"> • Reconnect the City with the Waterfront 	Consistent – Partially Consistent – Not Consistent
<ul style="list-style-type: none"> • Meet Standards for Green Buildings, Water Quality, and Local/Small Business Contracting 	Consistent – Partially Consistent – Not Consistent
<ul style="list-style-type: none"> • Development program objectives 	Consistent – Partially Consistent – Not Consistent
<ul style="list-style-type: none"> • The design and architectural quality and constructability of the proposed design concept for this Site 	Consistent – Partially Consistent – Not Consistent
<ul style="list-style-type: none"> • The reasonableness and feasibility of the respondent's proposed development concept in achieving the Port's objectives. 	Can Meet Objectives – Partially Meet Objectives – Not Feasible/Reasonable
<ul style="list-style-type: none"> • The probability of obtaining approvals for the proposed design, given the physical and legal constraints on development 	Can Obtain Approvals
Proposed Financial Terms: <ul style="list-style-type: none"> • Proposed annual rent for the Site, which shall not be lower than the specified minimum rent. 	Meets Minimum -- Rent Represents Fair Market Value
<ul style="list-style-type: none"> • Additional revenues from all participation structures proposed. 	Reasonable Participation

Note: In some cases a panelist chose both Qualified and Partially Qualified or Consistent and Partially Consistent which was summarized as "Mostly Qualified". Panelists were instructed to add written comments or offer other characterization of their findings, e.g. "does not meet minimum rent".

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Date/Form/ Name to	Comment
Dec 12, 2008 From: Jim Oakes, Jr. Email to Monique Moyer	I am vehemently opposed to this project. We live in the densest area of S.F. and don't need more condos, parking garages, people, and cars not to mention less recreational space. In addition, we provide pro bono recreational facilities for hundreds of underprivileged children of our city. I and my constituents will fight your project with all of our energy and zeal.
January 16, 2009 From: Dion Gengler Email to MMoyer	I urge you to vote against the 8 Washington plan. This is a very bad idea for an excellent area of the city. No matter how much the port commission needs money this is not a good plan. Reducing the city open space and clogging up an already densely populated area is just horrible. Please do not vote for this plan.
January 16, 2009 From: Lance R. King/Founder- Managing Broker Fixed Rate Properties, Inc. Email to Simon Snellgrove Moyer and Supervisor Chiu	As a long-term member of Golden Gateway Tennis & Swim club, it is with ever-deepening concern that I receive updates on the proposed development at the club site. GGTSC is more than just a tennis club. Most of the member have belonged there for years. And it's not a high-dollar venue that excludes the general public. People from all walks of life play and gather there. It's a place where families come to swim and play, and one of the few remaining outdoor recreational spaces left in the city. And once it's gone, it's finished. This plan effectively removes the club in any real form forever. No longer will Junior Tennis, USTA Team Tennis, or USTA sanctioned tournaments happen because there won't be enough courts. Our city forefathers were farsighted enough to know that cities need recreational spaces. If a development must happen there, at least make it conform to allow current usage. I'm in the Real Estate business, so I know that it can be tough to balance economics versus what is right. But doesn't San Francisco already have enough luxury condos languishing on the market as it is ? It's not like there is a shortage of housing, or this is creating some benefit to the city. If the proposed development goes through, a prize possession is lost forever. Please do not let this happen. Sincerely,
January 16, 2009 From: Randy Fong Email to Monique Moyer, David.Chiu,	I ask you to please reconsider your plans to destroy our tennis community at the Golden Gateway. We all have a right to make a buck, I am certainly not against that. But, if your waterfront development plans go through, our long standing tennis community and it's open space will be destroyed. You will be just another developer taking away more recreational and community space in our beautiful city. I know you are a better man than that. Thanks for taking the time to read my email. Gung Hay Fat Choy and may you prosper in 2009.
January 16, 2009 From: Bill Benkavitch Email to Monique Moyer, David.Chiu, coaches	I have reviewed your new proposal. Your plan to tear down of the Golden Gateway Tennis & Swim Club and its open recreational space to build condominiums for the super rich is an absolutely horrific assault on my neighborhood. I hope that FOGG and all the community groups who have been against you these past several years are successful in stopping you.
January 17, 2009 From: Marilyn Breen Email to Simon Snellgrove Monique Moyer, David Chiu	I am alarmed to hear of the ongoing project at Washington Street and the Embarcadero. It seems the plan is to build two eight story condo buildings and practically eliminate the Golden Gateway Swim and Tennis Club. If my information is correct this Club would be used for the residents of the new condos with expensive outside membership available. This neighborhood does not need more luxury condos, we need more recreation facilities and open space. Please do not consider this plan, it would just give the wealthy an even better choice of living spaces. This project would take away from, not add to, our beautiful Embarcadero.
January 16, 2009 From: Cass Smith Email to Monique Moyer	I would like you to know that as a resident of San Francisco, a resident of Telegraph Hill, and as an Architect who has worked on various Port projects, I am in total support of the above referenced development that Pacific Waterfront Partners is proposing. I believe that the fully mixed-use nature of this project will be very beneficial to the waterfront area and to the city.

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<p>January 17, 2009</p> <p>From: Philip Lay</p> <p>Email to ssnellgrove Monique Moyer, David Chiu, coaches</p>	<p>I've been accompanying the various ups and downs of your firm's series of proposed projects for over three years now.</p> <p>For purposes of full disclosure, you should be aware that I am a member of GGTSC. That said, this does not make me automatically opposed to a suitable plan for the modernization of the club and/or immediate surroundings.</p> <p>However, I have to tell you that, despite the modifications you have made in the latest plan, the implications of your venture are still to create one more new commercial development that will further congest the area and pretty much put an end to the accessible and I would argue essential leisure and sporting activities afforded to several hundred people every day and week at the GGTSC.</p> <p>Even more so, in the current economic environment, it is my belief that the City needs one more of this type of somewhat elite development like it needs a hole in the head. Though I don't know you or your firm, I am hopeful you will have enough good sense eventually to look elsewhere for commercial growth and profitability, and that the supervisors will also exercise good sense and leave this leisure and recreational area accessible to tourists and residents.</p>
<p>January 17, 2009</p> <p>From: Michael Eckstut</p> <p>Email to Ssnellgrove, Monique.Moyer, David.Chiu</p>	<p>I am a long time member of the Golden Gateway Tennis Club and like most of my fellow members I am very upset about the prospect of development around the club and the potential for significantly reducing the open space and facilities that exist at the Club. The development for 8 Washington Place just doesn't make sense at this location and certainly not in this time. I would think that we, as a nation and a city are past the days where we indiscriminately build and we build without considering the environmental impact and the impact on the people who live, work and play in our cities. Cities everywhere are moving to lower density housing, more open spaces and more recreational facilities -- that is the only way that cities will be able to attract families that ultimately serve as the bulwark of city life.</p> <p>Here in San Francisco, we have always been in the vanguard of doing what is right for the environment and what is right for the people of the city, We have wonderful facilities and open spaces, at GGTSC, on the Embarcadero and these spaces are great attractions to the resident of the neighborhood, others in the city and visitors. Why would we want to replace or significantly reduce what is today a wonderful facility that serves so many people across the city of San Francisco and across all economic and age strata? This club has been an integral part of the city and neighborhood for over 40 years, why shouldn't it remain in place. It has proven its value.</p>
<p>January 17, 2009</p> <p>From: Patrick and Dorothy Moore</p> <p>Email to: Monique Moyer</p>	<p>We are writing to express our opposition to the proposed 8 Washington Condo Project. In our opinion the Port Commissioners are blinded by the huge number of Dollars the Developer has waved in front them and they are already rushing to the bank. The city took 10 years to finalize the Eastern Neighborhoods Master Plan. What's the rush to approve the 8 Washington project. Last year the State passed legislation to protect Lot 351 as open space. The purpose of the Bill seems to have been ignored.</p> <p>Hundreds of people have attended various meetings during the past year concerning the project 8 Washington and have spoken against it moving forward. The Developer would have everyone believe that there is little or no opposition to the Condos.</p> <p>In our opinion the project as outlined is a complete detriment to the city of San Francisco and the irreplaceable Waterfront. The Embarcadero Freeway was disaster for the city for over 30 years and it took an act of God to get it removed. The Freeway was 75 feet high and the developer is proposing a building 84 feet high.</p> <p>He is proposing to replace the former freeway with another eyesore of the same magnitude. We ask ourselves. What are the benefits to the City of San Francisco and it Citizens that the project will provide? The city will lose 1. Open Space, 2. Unobstructed View of the Bay, 3 Downtown recreational spaces 4, the opportunity for future generations to enjoy the current open space, and possibly find a better plan for the use of the property including Lot 351. All the Citizens of San Francisco</p>

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	<p>should benefit, not just the developer.</p> <p>We can not see any justification for building a project where 95% of the folks in San Francisco could not afford to live. Again what are the benefits to the City? Granted the project, if allowed, will greatly increase the wealth of the Developer. But we ask at what price to the rest of us?</p> <p>There are other areas available for development along the waterfront that would have much less negative impact.</p> <p>We are not in favor of the proposed development and we vigorously oppose it.</p>
<p>January 18, 2009</p> <p>From: Paolo Cocchiglia</p> <p>Email to Ssnellgrove, Monique.Moyer, David.Chiu</p>	<p>My wife Kate and I met on the court #3 at the GGTS on January 2004 and we promised ourselves to teach our children to play tennis on the same court: will you allow our dreams to come through? Alessandra (2.5) and Leonardo (1.5) are two beautiful children and they love the GGTS. We believe the 8 Washington development should not be built, we oppose to it and to its assault on our open recreational space.</p> <p>We believe the GGTS as is today is a unique space in the city and that if the 8 Washington Plan will come through it will disrupt for ever what the GGTS is today in term of community for so many families and friends. Our total and committed support goes for the present Golden Gateway Tennis & Swim Club.</p>
<p>January 19, 2009</p> <p>From: Marianne de Sassise</p> <p>Email to MMoyer,</p>	<p>I am Marianne de Sassise and I have taught at GGW for ten years Pilates, Yoga, and Dance. I know that we live in earthquake country and not that I am in support of this project on the contrary. To build anywhere a pool over a structure is not sound, given the choice to have it on ground level, this is not sane in planning on landfill too!</p>
<p>January 20, 2009</p> <p>From: Frank J. Rollo</p> <p>Email to Monique Moyer, Alicia Esterkamp</p>	<p>My name is Frank J. Rollo and I am a small business owner in San Francisco. My firm, Rollo & Ridley, provides geotechnical engineering services in the Bay Area.</p> <p>I am writing to pledge my support for San Francisco Waterfront Partners proposal for SWL 351. I attended the January Port Commission meeting and listened to SFWP proposal for SWL 351 and the adjacent property at 8 Washington Street.</p> <p>The proposed development is tasteful and first class to say the least. As demonstrated by Piers 1-1/2, 3 and 5, SFWP has proven themselves to the City and Port. I urge you to help this project move forward. Thank you in advance.</p>
<p>January 23, 2009</p> <p>From: Brendan Dunnigan</p> <p>Email to Monique Moyer</p>	<p>I am the managing director of the office for HKS Architects and also a San Francisco Inner Richmond homeowner. I want to let you know that I strongly support the project being proposed by Pacific Waterfront Partners at 8 Washington. Their commitment to high quality and responsible design is evident with Piers 1 ½, 3 and 5 project. I urge you to also support this developer and their vision as I know they are committed to a project that serves the greater needs of the Barbary Coast neighborhood but also the City as a whole.</p>
<p>January 26, 2009</p> <p>From: David Fukuda</p> <p>La Mar Cebicheria</p> <p>Email to Monique Moyer, Alicia Esterkamp</p>	<p>Congratulations on your election and appointment to Board President.</p> <p>As a San Francisco resident and the owner of the newly opened La Mar Cebicheria Peruana in your district, I would like to invite you to our restaurant at Pier 1 ½. Being a tenant at Pier 1 ½, we benefit from the revitalization that began after the demise of the Embarcadero Freeway. We also have been able to experience firsthand, the commitment that San Francisco Waterfront Partners has made to this waterfront over the past decade. The Piers are a shining example of a public private partnership that maximized the public's experience of the waterfront.</p> <p>8 Washington has been in planning for the past three years and has evolved into an excellent project. The Ferry Building Waterfront Area and our business is in desperate need for parking, given the removal of the bulk of the over water parking. 8 Washington provides this solution. The additional families that this project would bring to the area, as well as the retail and restaurants will create a more exciting destination.</p> <p>Thank you for your time and consideration. I look forward to meeting you.</p>

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<p>January 26, 2009</p> <p>From: David P. Addington</p> <p>Email to Monique Moyer, Alicia Esterkamp</p>	<p>Congratulations on your victory and election to our district's supervisor as well as President of the Board.</p> <p>As a Telegraph Hill resident who views the waterfront as my backyard, I urge you to support the 8 Washington Street project. Our family has lived in the neighborhood for many years and has been members of the Golden Gateway Club. In fact, when I first moved to the City I lived in Golden Gateway. We understand the need for maintaining recreation space for the neighborhood and it is possible to have a combination of uses more suitable for this very public, urban waterfront. There should be a balance between public access, recreation space and a mixed use development – which the 8 Washington Street project clearly accomplishes. As neighbors and stakeholders, we embrace this change and look forward to the further development of this community. We are fortunate to have a local, experienced, committed waterfront developer working on this important site and urge you to support 8 Washington Street.</p> <p>I encourage you to support this project which will help to keep the City of San Francisco thriving and, by moving people into urban housing, keep the world around us green.</p>
<p>January 27, 2009</p> <p>From: N. Teresa Rea</p> <p>Email to Supervisor Chiu Copied to: MMoyer</p>	<p>I have been a SPUR Board member, chair of its Waterfront task Force and professional land use planner for more than 20 years in San Francisco. I am a "Port-watcher". and contribute pro bono services to Port staff whenever I am asked.</p> <p>I have been following the (lack of) progress on the development proposal process for SWL 351 and the 8 Washington project and note that FINALLY the Port is prepared to consider the two parcels as one development site. This is the ONLY logical way to make meaningful use of SWL 351. SWL 351 should be a part of the development proposal with the adjoining 8 Washington site.</p> <p>In addition, the proposal made by Pacific Waterfront Partners has merits that would serve the Port and the City well. Our waterfront needs "interceptor parking" that aggregates parking supply at regular intervals along the waterfront. This stretch of the waterfront has woefully inadequate parking, such that visitors will not even try to come here or may try then just drive off to Fisherman's Wharf with frustration. The Public Trust mandates public access to our waterfront and, like it or not, parking meets part of that need.</p> <p>The 8 Washington proposal also calls an 84-building height that make financially feasible all of the park/open space areas that are proposed. I am sure the Telegraph Hill dwellers are complaining about that but they are one small fraction of the state-wide population for whom this waterfront is held in trust. They are posing as guardians of a public view when they are actually just looking after themselves. It is NOT their personal backyard. SOME development must occur on the waterfront for the Port to remain viable and the longer development projects are stopped site by site by immediate neighbors the more damage is done to the Port's fiscal well-being and the less benefit is achieved for all SF citizens and visitors state and nation wide.</p> <p>I hope you will bear this in mind as you learn more about and develop your position on this most valuable project for the Port and the City.</p>
<p>January 27, 2009</p> <p>From: Silas Carleton Ferry Building Wine Merchant</p> <p>Email to MMoyer</p>	<p>As a tenant of the Ferry Building, I would like to express my support for San Francisco Waterfront Partners' 8 Washington Street project. I have reviewed the proposal for the new development at 8 Washington Street, and I find that it would greatly enhance our neighborhood. Not only would it would provide necessary parking for the neighborhood and our customers, I believe having additional cafes, restaurants and other retail would truly anchor this waterfront as a neighborhood showcasing of some of the best that San Francisco has to offer.</p> <p>The underground parking concept in itself greatly simplifies the daily confusion created for our customers who are driving to visit us. The parking at Pier ½ and immediately behind the Ferry building and Sinbad's restaurant has been eliminated for tenants of the building, further impacting the already crowded lots nearby. We strive to make things easier for our customers, not more difficult, and the additional</p>

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	<p>parking does just that. The fact that it will remain underground and not tarnishing the surrounding views is a wonderful bonus and a terrific accomplishment that I think this neighborhood demands.</p> <p>Furthermore, the additional artisan cafes, restaurants, retail, and condominiums will only strengthen the draw of a neighborhood such as ours. As demonstrated by our weekly farmers markets, our neighborhood only becomes more desirable and more of a destination for our local customers when there are more exciting reasons to visit, and more places to park. Another factor that the project enhances is the safety created by a property busy with people interacting on the street front. In her book "The Death and Life of Great American Cities", urban planner Jane Jacobs describes the safety created by having "eyes on the street", and this project will do just that: foster safety and a sense of community in the neighborhood with increased bustling activity from its patrons and residents.</p> <p>I truly believe this project is a welcome addition for our community. It does not simply provide an answer to our ever increasing parking problems. It creates an environment for residents and patrons alike to maintain safety and to participate in and enhance the synergy and viability of this neighborhood.</p>
<p>January 27, 2009</p> <p>From: Brad Oldenbrook ADRIYL design centers inc.</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>As a neighbor to the project, I urge you to support the 8 Washington Street project. I have been following the development for some time now and believe it would be a positive addition to this infill area. By the numbers, the project would not maximize the allowed density and i think is designed to complement the surroundings and pays respect for the immediate community and neighborhood.</p> <p>The project includes significant public benefits including three public open spaces (exceeding the total area of Seawall Lot 351), a much needed public garage serving the Ferry Building, residential housing, street level retail and restaurants further animating the neighborhood and a new recreation facility. Overall the recreation and open space on the project is INCREASED relative to its current configuration. The project's density which conservatively adds approximately 150 residential units on land which is zoned for 693 units, has been contained within the shadow of a 220 foot apartment building and allows for over 50% of the land to be dedicated to recreation and open space.</p> <p>San Francisco Waterfront Partners has redesigned their entire project with the community in mind and is committed to excellence on the waterfront, as demonstrated at Piers 1 ½, 3 & 5. San Francisco's waterfront belongs to all citizens of San Francisco, not just to private tennis club members. We urge you to consider the waterfront, the community, the city's workforce and the greater city and support 8 Washington Street.</p> <p>I support this project and hope that you will also. Please feel free to call me anytime to discuss.</p>
<p>January 27, 2009</p> <p>From: Derwin A. Cox,</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>As a San Francisco Bay Area business engaged in projects in the City, I urge you to support the 8 Washington Street project. The project includes significant public benefits including three public open spaces (exceeding the total area of Seawall Lot 351), a much needed public garage serving the Ferry Building, residential housing, street level retail and restaurants further animating the neighborhood and a new recreation facility. Overall the recreation and open space on the project is INCREASED relative to its current configuration. The project's density which conservatively adds approximately 150 residential units on land which is zoned for 693 units, has been contained within the shadow of a 220 foot apartment building and allows for over 50% of the land to be dedicated to recreation and open space.</p> <p>San Francisco Waterfront Partners has redesigned their entire project with the community in mind and is committed to excellence on the waterfront, as demonstrated at Piers 1 ½, 3 & 5. San Francisco's waterfront belongs to all citizens of San Francisco, not just to private tennis club members. We urge you to consider the waterfront, the community, the city's workforce and the greater city and support 8 Washington Street.</p>

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	<p>SecureNet is proud to be a minority-owned business specializing in providing Gigabit Ethernet fiber to Bay Area businesses and residents. The 8 Washington Street project would enable even more San Francisco residents to enjoy unprecedented Internet speeds (minimum 100 mbps bi-directional), nationwide VoIP phone service, and IPTV over the same single strand of fiber. It's an exciting technology that has come a long way, and it will help San Francisco leap frog over other cities in the technology it provides its citizens. The 8 Washington Street construction plans are an exciting project that will bring tremendous assets to the neighborhood.</p> <p>We respectfully urge you to support the 8 Washington Street project. Thank you for your consideration.</p>
<p>January 27, 2009</p> <p>From: Daniel Ibrahim COA Architects</p> <p>Email to MMoyer</p>	<p>I am writing you to encourage your support for the 8 Washington Street project (Seawall Lot 351) which is awaiting authorization to award the proposals submitted by The SF Port Commission.</p> <p>We have a housing crisis in San Francisco. There is simply not enough housing to support the present OR future population that is going to want to live here. This site presents a great opportunity to help solve this problem.</p> <p>There has been a lot of talk about what is wrong with the existing housing situation (i.e. too many high-end luxury condominiums, too few really affordable units). As I understand it, the proposal here is to pay the fee to the City as opposed to building the housing. This seems like a very reasonable proposal – the money can be used to build REALLY affordable housing for working families making \$40,000 per year instead of housing for couples making \$80,000.</p> <p>This is a great site for housing. We need more high density housing in the downtown, it as simple as that. If you look at San Francisco and think about where we should be encouraging more development, this is exactly where it should be. It is near transit, it is sustainable, and it not really that many units.</p> <p>The Port should work to support this project and do whatever it can to see that it happens.</p>
<p>January 27, 2009</p> <p>From: Michael Guthrie, AIA</p> <p>Email to MMoyer</p>	<p>As a small San Francisco business owner, I support the 8 Washington project proposed by San Francisco Waterfront Partners. The project is a win for the community as well as those fortunate enough to live there. It is my understanding that a group of units will be available to moderate income residents and the parking and restaurants will be used by all of us who live and conduct business in the City. The SOM design is thoughtfully conceived and will be extremely well executed, adding a beautiful architectural compliment to The Embarcadero. I urge you to support responsible new development such as this LEED certified project, especially during this critical economic period.</p>
<p>January 27, 2009</p> <p>From: Chip Conley Joie de Vivre Hospitality</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>Congratulations on your recent election. As you may know, Joie de Vivre Hospitality operates more hotels in San Francisco than any other hotelier (17). We are a San Francisco-based hospitality company which operates three dozen boutique hotels, such as San Francisco's Hotel Vitale, Hotel Kabuki and The Phoenix Hotels. We operate under the philosophy of "creating dreams" for both our employees and customers and pride ourselves on providing unique, quality services and products that become landmarks in the community. Likewise, San Francisco Waterfront Partners is committed to the same level of quality with regard to their work on the waterfront.</p> <p>Please consider the initial controversy and the subsequent success and revitalization impacts that projects such as the Hotel Vitale and the Ferry Building have brought to the waterfront. Likewise, we believe that this project is a win-win for the Port, the City and the waterfront. This project has committed over half of the land area to public open space and recreation and provides a new collection of restaurants and retail to further add to the vitality of the neighborhood. We urge you to support progress in our City and support 8 Washington.</p>

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<p>January 27, 2009</p> <p>From: Evan Matteo</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>Congratulations on your election and appointment to Board President.</p> <p>As a small business owner who has worked in the city for over a decade and a restaurant operator in District 3, I urge you to support the 8 Washington Street project. I am excited by the opportunity to revitalize and open to the public what is presently a barren asphalt lot, and a private tennis club. The additional below-ground parking will also greatly benefit the neighboring ferry plaza, and my business. I urge you to support this project as it not only provides a permanent solution to the neighborhood's parking dilemma but also provides additional residents and retail, further adding to the vibrancy and evolution of the neighborhood. Thank you for your consideration.</p>
<p>January 26, 2009</p> <p>From: Garth Collier</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p> <p>Similar email sent to MMoyer as well</p>	<p>I would like to congratulate you on your appointment to president of the board of supervisors. You are an example of how a compassionate approach to affordable housing, civil rights, public transit & community advocacy can be fused with pragmatism and common sense. I am also writing you to encourage your support for the 8 Washington Street project (Seawall Lot 351) which is awaiting authorization to award the proposal by The SF Port Commission.</p> <p>I would like to address concerns regarding the height and bulk of the project in regard to its site. As a Port of San Francisco tenant in the Agriculture Building and as an architect, I can attest to the positive impact of the Vitale Hotel Development across the street from my office. The project helps to define The Embarcadero Promenade as a lively outdoor space which encourages pedestrians. The sense of street level excitement and vitality has greatly improved in the immediate area. The Vitale Hotel is a similar height and scale to the proposed 8 Washington Street Project. Its scale serves to unite the lower waterfront structures with the high-rises in the financial district.</p> <p>Indeed, some of the most important principals of new urbanism encourage density, mixing of uses and creating lively streetscapes. This is why people love Paris. The grand boulevards are lined with cafes, restaurants and retail which enliven the street encouraging pedestrians to stroll. Progressive cities like Vancouver, Portland and Boston have recently adopted policies allowing much taller and larger scale projects along their waterfronts with a great deal of success.</p> <p>As a Port of San Francisco tenant for the past 14 years, I can tell you that one of the major drawbacks to establishing a business in the Port is the parking situation and resulting congestion in the Ferry Building waterfront area. The proposed development provides an opportunity to help alleviate this situation with underground off street parking.</p> <p>I would also like to note that the developer being considered to be awarded the project (Pacific Waterfront Partners) is not your stereotypical developer. I have been a registered architect working in San Francisco for the past 30 years, and in my experience it is rare to find a developer as sensitive to design, historic preservation and the improvement of public space as Pacific Waterfront Partners are. This is exemplified by their successful restoration of Piers 1 1/2, 3 & 5. They deserve a great deal of the credit for the renaissance of the waterfront.</p> <p>This project continues the momentum of The Waterfront Plan and I recommend its support.</p>
<p>January 26, 2009</p> <p>From: Chef Russell Jackson</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>Congratulations on your election and appointment to Board President.</p> <p>As a chef who has worked in the city for over a decade and a small business owner and restaurant operator in District 3, I urge you to support the 8 Washington Street project. I am deeply concerned about the lack of parking and recent reduction of parking in the area. I, along with most of the City's top chefs, shop bi-weekly at the Farmer's Market and have found it has become nearly impossible to buy the quantities of goods necessary to run my business due to the parking constraints. Parking is tough not only for us but for the farmers and due to the problem they are starting to go to other venues open to them selling there goods or are not coming to market at all (Marquita Farms is a great example).</p>

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	<p>Additionally, I urge you to support this project as it not only provides a permanent solution to the neighborhood's parking dilemma but also provides additional residents and retail, further adding to the vibrancy and evolution of the neighborhood. We look forward to doing our part and opening Lafitte on the block to help with that evolution to the area..</p>
<p>January 27, 2009</p> <p>From: John Fa</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>I am writing as a member of the Golden Gateway Swim and Tennis club and a San Francisco resident. I am a frequent user of the swimming pool and the club fitness facilities, but I do not have the much more expensive tennis membership, so my use of the tennis facilities is limited. I urge you to support the 8 Washington Street project. The planned new club facilities will replace the old deteriorating facility that the club membership will be proud of. The project includes significant public benefits including three public open spaces (exceeding the total area of Seawall Lot 351), a much needed public garage serving the Ferry Building, residential housing, street level retail and restaurants further animating the neighborhood. Overall the recreation and open space on the project is INCREASED relative to its current configuration. The project's density which conservatively adds approximately 150 residential units on land which is zoned for 693 units, has been contained within the shadow of a 220 foot apartment building and allows for over 50% of the land to be dedicated to recreation and open space.</p> <p>San Francisco Waterfront Partners has redesigned their entire project with the community in mind and is committed to excellence on the waterfront, as demonstrated at Piers 1 ½, 3 & 5. San Francisco's waterfront belongs to all citizens of San Francisco, not just to private tennis club members. We urge you to consider the waterfront, the community, the city's workforce and the greater city and support 8 Washington Street.</p>
<p>January 28, 2009</p> <p>From: Derek Lemke-von Ammon</p> <p>Email To: David Chiu; Monique Moyer</p>	<p>My wife Sara and I live in the City and have participated in several of the public meetings concerning the development plan for SWL 351. We enthusiastically support the proposal submitted by Pacific Waterfront Partners to develop the site for commercial, recreational and residential use. The advantages are clear, as the project creates a permanent solution to at least a part of the parking issue at the Ferry Building, adds additional housing units downtown, and retains the recreational facilities currently present on the site. The design is attractive and a significant improvement to the aesthetics of the waterfront compared to the parking lot currently situated on SWL 351. We look forward to this project moving forward as a result of favorable decisions by your respective organizations. Please do not hesitate to contact me if you'd like to discuss this.</p>
<p>January 28, 2009</p> <p>From: Peter Birkholz</p> <p>Email to David Chiu; Monique Moyer</p>	<p>As an Architect working in San Francisco, I urge you to support the 8 Washington Street project. The recent development along the waterfront has re-invigorated this area of the City. The proposed project includes significant public benefits including three public open spaces (exceeding the total area of Seawall Lot 351), a much needed public garage serving the Ferry Building, residential housing, street level retail and restaurants further animating the neighborhood and a new recreation facility. Overall the recreation and open space on the project is INCREASED relative to its current configuration. The project's density which conservatively adds approximately 150 residential units on land which is zoned for 693 units, has been contained within the shadow of a 220 foot apartment building and allows for over 50% of the land to be dedicated to recreation and open space.</p> <p>San Francisco Waterfront Partners has redesigned their entire project with the community in mind and is committed to excellence on the waterfront, as demonstrated at Piers 1 ½, 3 & 5. San Francisco's waterfront belongs to all citizens of San Francisco, not just to private tennis club members. We urge you to consider the waterfront, the community, the city's workforce and the greater city and support 8 Washington Street.</p>
<p>January 28, 2009</p> <p>From: Rick Thomas</p> <p>Email to MMoyer</p>	<p>Having supported and worked in the Port area and financial district of San Francisco for over 30 years, I definitely have a sense of what is appropriate for the community and what should be considered "positive" for the local area. The 8 Washington Street</p>

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	<p>project is definitely in this category and I urge you to support its approval.</p> <p>Not only will the overall recreation and open space on the project be increased relative to its current configuration, the project includes significant public benefits. These include public open spaces (Three (3), which exceeds the total area of Seawall Lot 351), a public garage serving the Ferry Building (much needed!), residential housing, street level retail and restaurants, and a new recreation facility.</p> <p>The project's density which conservatively adds approximately 150 residential units on land which is zoned for 693 units, has been contained within the shadow of a 220 foot apartment building and allows for over 50% of the land to be dedicated to recreation and open space.</p> <p>San Francisco Waterfront Partners has redesigned their entire project with the community in mind and is committed to excellence on the waterfront, as demonstrated at Piers 1 ½, 3 & 5. San Francisco's waterfront belongs to all citizens of San Francisco, not just to private tennis club members. We urge you to consider the waterfront, the community, the city's workforce and the greater city and support 8 Washington Street.</p>
<p>January 28, 2009</p> <p>From: Christine Farren</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>As a person who lives and works in District 3, I am sincerely interested (and invested) in how our district is shaped in the not-so-distant future. I live in the North Beach neighborhood and walk each day to my job at the Ferry Building, passing the site of the proposed 8 Washington project. The organization which I work for, CUESA, operates the Ferry Plaza Farmers Market. So in the effort of full disclosure you should know that not only do I believe the farmers market would benefit from this project (by providing critically needed parking and additional residents to the neighborhood) but I also feel it would positively affect our community and my own enjoyment of the neighborhood.</p> <p>Along with my husband, I am raising a son in the district and we literally treat the waterfront as our backyard. They walk to meet me at the farmers market twice a week, I regularly run along the Embarcadero, and when I need to get out of the dense and cramped confines of my street (Stockton, between Union & Green) there is no better place to go than the waterfront to look out on the beautiful bay. The idea of including more public park space on our waterfront is extremely appealing. Finally, having more residents, retail and restaurants on the street will continue to make this a vibrant part of the city. I moved here only 6 years ago, and so have been witness to the incredible transformation of this area—which was put into place over a decade beforehand. I feel that the 8 Washington project is in line with the trajectory of this development. It is appropriate in scale, benefits both residents and visitors, and would be a tremendous community asset.</p> <p>Thank you for your time and consideration in reading my opinion. And feel free to write back with any questions.</p>
<p>January 28, 2009</p> <p>From: "Nena Ong"</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>I am writing you to let you know that I am in full support of the proposed development by the San Francisco Waterfront Partners (SFWP) regarding the subject project. I have worked for Glumac Consulting Engineers for the past 20 years and SFWP has been our client since then.</p> <p>Please consider this a very important project that will benefit numerous San Franciscans for many, many years to come. Needless to say, this will also create jobs for those who are unemployed in the construction industry. Nena Ong, Administrative Assistant</p>
<p>January 28, 2009</p> <p>From: Anne Putnam</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>I am writing to you as a concerned citizen of Telegraph Hill. I disagree strongly with the position taken by the Hill Dwellers regarding the development of 8 Washington Street. I think the huge success of the Ferry Building, both in terms of local approval and the tourism it has brought into the city, has proven what fresh new ideas can do for our Embarcadero. I am all for continuing in the same vein, working to modernize and beautify the waterfront, and make it more accessible and livable for San Franciscans, as well as converting it from semi-warehouse to a promenade for pedestrian tourists.</p>

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	<p>We should be working to enhance the waterfront, to bring it to its full potential, not to keep things the way they are: half-developed and borderline scuzzy in some places.</p>
<p>January 29, 2009</p> <p>From: Susann Kellison</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>As a Telegraph Hill resident, and frequent patron of the Ferry Building and newly renovated Piers 1 1/2, 3 and 5, I urge you to support the 8 Washington Street Project. Too much time, money and energy is being wasted countering the objections of a few, very vocal, detractors of the project. The benefits of SFWP's plan are many, and far outweigh the narrow and short-sighted (not to mention simply wrong) objections of The Hill Dwellers and FOGG. San Francisco sorely, and today urgently, needs the revenue which this tasteful and thoughtfully designed development will provide.</p> <p>All San Franciscans, not just residents of District 3, benefit from the beautifully renewed waterfront, and while the needs of many should be considered, please don't ignore the less vocal among us who support this project.</p>
<p>February 4, 2009</p> <p>From Nan Roth</p> <p>Written Comments at NEWAG Meeting</p>	<p>The Port does not seem to catch on to the fact, and Mr. Snellgrove persists in denying, that the Golden Gateway Tennis & Swim Club is an important neighborhood recreational resource.</p> <p>If the project proceeds as proposed, who will manage the tennis courts and pools? Who will have access to them? Will the owners of your condos have priority access over others? How large of a user pool, or membership count, can four courts and two pools accommodate as compared with the current active GGTS membership?</p> <p>If my memory serves me correctly, there has been a pattern of failure for Port projects which only draw one or two qualified responses to their RFPs. This has led me to wonder whether the tepid response is related to feasibility issues, as well as in some instances a flawed effort to tailor a specific proposal to a specific developer's needs, such as we had with the original project proposed for Piers 27-31. Also, without a strong response, the Port inevitably ends up being forced to make more and less favorable concessions to the developer.</p> <p>Why have you elected in this case to move ahead with only one respondent when both the current worldwide economic conditions and the inevitable implication of collusion would strongly suggest that it would be wiser to both delay and restructure the requirements for developing SWL 351?</p> <p>Why choose to encumber the Port with a contractual obligation to Mr. Snellgrove that could tie SWL 351 up for a decade, if not longer, before it gets built, if ever, when you can simply lease parking from the Embarcadero Center? In terms of convenience, it is no farther away from the Ferry Building than SWL 351. It would be a less costly and more flexible arrangement in that you could modify the lease as your needs changed over time. You would retain the option to partner with someone else, under more favorable economic conditions, to develop SWL 351 in a manner that conforms to its current zoning and meets the Port's responsibility as trustee of SWL 351 to develop, not destroy, recreation facilities for public use. But most important, you would not be locked into such a costly operation with such a high risk of failure as Mr. Snellgrove proposes.</p> <p>SWL 351 is just the means to an end for Mr. Snellgrove-help out the Port in an effort to gain a more favorable outcome during the lengthy and complicated approval process-and of course gain control over a site that could also be developed to 84 feet. Again, is partnering with Mr. Snellgrove rather than leasing already existing parking a sound business and ethical strategy on the part of the Port?</p>
<p>February 4, 2009</p> <p>From: Tim Geraci</p> <p>Email to Monique Moyer</p> <p>Cc: David Chiu</p>	<p>I object to "The Most Favorite Nation" status awarded to SFWP and the Seawall Lot 351-8 Washington Street projects. In my opinion, these projects are prime candidates for the 2009 San Francisco urban and environmental destruction award.</p> <p>The urban matter:(1) I am in Brooklyn, visiting my grandchildren, and have observed the new urban blight and cancer, the multiple stopped construction projects- huge holes partially filled with water, garbage, plastic bags and birds, all of unknown origin. These projects are in financial limbo and may never finish. The Port of San Francisco, NEWAG and the City and County of San Francisco should require SFWP</p>

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	<p>and their financial sources to place the full funding for these projects in an escrow account. We do not want our pools to be replaced by a hole in the ground filled with tidewater. (2) SFWP wish to place a 500 car plus garage at the Seawall 351 site. This is at a time when City and County of San Francisco want to limit the number of cars in the city, the Mayor wants to close The Embarcadero on select days and our portion of Market Street closed to automobiles. Now SFWP wants the people from Marin, Alameda, Contra Costa, San Mateo to make the area SUV heaven. Does any one on your side of the Embarcadero read the paper?</p> <p>(2) The environment: the pollutants from this project will be a real threat to those with respiratory problems. I have documented the soot on our tables now and can only guess the degree of dirt we will be breathing. Many of us have asthma and this will be terrible. The projects will require pile drivers-when they built the Hotel Vitale, they went for 6 days a week and we almost lost our hearing.</p> <p>Who is going to be responsible for this mess- the Port, SFWP, the Port members??</p>
<p>February 4, 2009</p> <p>From: Arthur Chang</p> <p>Email to: KDiohep NEWAG subcommittee</p>	<p>The Port Property Lot 351 is already a public space (i.e. public ownership subject to the public trust doctrine) if owned by the port and not intended for sale. So we're not talking about who owns it? The Port owns it and the manner in which it is to be developed by a lessee must meet with public objectives of planning and use compatible with its surrounding neighbors.</p> <p>One of the main ways of organizing space is through defining some places as private and others as public. Some places are protected and set apart from the rest by a complex system of signification: by spatial means such as signs, boundaries, fences, walls and gates; or by temporal means such as predetermined working hours. Some spaces have continuously played the role of a distinguished node in the history of a city and the social life of its citizens.</p> <p>I'm not calling for a greensward treatment of Port Lot 351, as some have advocated. This is an objective I can sympathize with, but I'm more concerned with the proper use and treatment of what is referred to in the orange outlines in Snellgrove's proposal as the "urban edge". The early Snellgrove proposal rightly opened up the center of the site with view and human access penetration in a North/South directions, towards the waterfront and the Embarcadero from inland, not as now proposed as a twin eight-story articulated barrier the whole length of the site! The central core of the development site is of considerable size, almost a third of the site, and is a meaningless North-West to South-East massive elaborately disguised (50% of the space between the two buildings) cul-de-sac.</p> <p>This provides vehicular access between the two monolith buildings and then merges with a much smaller strip of abandoned Jackson Street landscaped and labeled as Jackson Commons! It is a site plan that maximizes view blocking and minimizes view potential of the Bay for the inhabitants of the two buildings—a design for neighbors viewing neighbors, and not nearly as accommodating residents as the two co-op apartment monolith view blockers of the Fontana Apartments at the end of Van Ness Avenue! The architects of the Golden Gate apartments had the good design sense to place the tall apartment buildings with the short dimension of the building facing northward. This is fortunate for Snellgrove's condo buyers who otherwise would be confronted with triple instances of neighbors looking at neighbors.</p> <p>The lengthwise slab of a building is given some relief to its monotony with articulated receding vertical blocking to breakup its massiveness, but not gracious attention is given to the street front except access. The slab is rather a shock of the latest fad of postmodern vertical rectangular spatial framing. The street level is not inviting and does not address the Embarcadero as anything more than a street. The designers should have instead programmed the space for development with outdoor emphasis with pulling back from the street edge with deliberate attention to possible exterior use for gathering for social life of the citizens in the building and those who shop there or otherwise engage in social intercourse befitting this Boulevard by the Bay.</p> <p>Public use of private space is often blurred in the environ of the "Embarcadero such as at the Embarcadero Center and Golden Gate Residences, where passageways</p>

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	<p>both on the ground and in the area above ground and over the streets are "public space". Walk through Embarcadero Center from One to Four from Battery Street to Justin Herman Plaza and see how public/private space is generously offered as at Walton Park.</p> <p>Fortunately, the environs of the Embarcadero have historic precedents to serve as a guide for development of leased port sites. Thankfully, through the Redevelopment process the wholesale quality development of the Embarcadero Center and the Golden Gateway Residential developments almost two score years ago have set a standard of quality and the creation of what Kathy Simons (of architectural firm SMWM, renovators of the Ferry Building) has dubbed or coined in a SPUR's Newsletter in 2001 as the City's "public realm." She writes: "These are the places of shared experience, where diversity coexists with community, where participation and interaction are open to all." ("The Social Physical Fabric of Place," March 2001)</p> <p>The architectural creations of the Firm Worster, Bernardi & Emmons and the landscape designs of the firm Susaki and Walker won for the Perrini Construction Company, in competition, the development rights of this massive Redevelopment project. These designers and Atlanta based architect Portman and Rockefeller partners, the designer of the Embarcadero Center introduced to San Francisco "POPOS", the "privately owned public open space". The arcades, the generous opulent landscaping along Battery Street and the partially fenced English garden "Walton Park", all makes for that "public realm".</p> <p>John King, Chronicle's architecture commentator, favorably critiqued in the Chronicle paper (2/03/09) POPOS of office buildings in the financial district. He wrote: "But when reminded of how far we've come, the quibbles give way to appreciative relief—and a renewed appreciation of farsighted planning" But, he then retorts concerning "555 Mission Street" POPOS is "a bit stiff, happier to be photographed than put to use". A common failing of architects more absorbed with form than function. In the balanced of the article he carries on in the same vein about the other POPOS in the city since the City adopted the "Downtown Plan" in 1985 and the passage of Proposition M in 1986.</p> <p>King's critical points are a good starting place for conversation about intent and execution of public spaces intended to be inviting and used. The restoration of the Ferry building is a good example in point. The broad sidewalks, the arcades and outdoors dining and marketing make it inviting and is a vital "public realm". The designers of the Golden Gate Residential buildings—the arcades, street landscaping, outdoors furniture, interesting signage etc, used this same thematic content of the Ferry Building as originally conceived and is now being put to preeminent use by its lessees.</p> <p>The City's "Downtown Plan" of 1985 has a list of 20 suggestions for a variety of ideas for providing of public space that is consonant with achieving useable and inviting public space. Those who want to be developers of lot 351 should definitely check it out.</p>
<p>February 05, 2009</p> <p>From: Christy McRoskey</p> <p>Email to Supervisor Chiu</p> <p>Copied to: MMoyer</p>	<p>As a club member of the Golden Gate Tennis and Swim Club, I would like you to know that FOGG does not represent the interests of all of the club members. The club facilities are run down and in desperate need of an upgrade. The 8 Washington proposal dramatically improves the fitness, recreation and swim facilities and is preserved as a significant component of the project. However, to discuss the merits of the project on the basis of the Tennis Club undermines the massive amount of public benefits which are achieved by this proposal. Even as a paying member who benefits from the fitness facilities, I recognize that privatizing this civic waterfront land for exclusively private uses is an outdated and unsound use for our waterfront.</p> <p>The current proposal is sensitive to the scale of the community, provides much needed parking for the Ferry Building Area, restaurants and retail, as well as three significant waterfront parks. Please take the time to consider the many benefits that this project will provide the community, the waterfront, its visitors, the Port and the greater City and support 8 Washington Street.</p>

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<p>February 8, 2009</p> <p>From: William H. Sauro President/ Barbary Coast Neighborhood Assn Email to Monique Moyer David Chiu, SSnellgrove</p>	<p>Alicia Esterkamp's posting on www.TheBarbaryCoastNews.com was well presented. However, as I stated in my comment on the site, I'm afraid Alicia misses the big points regarding the neighborhood's almost unanimous objection to this development.</p> <ol style="list-style-type: none"> 1. Creating A Wall along the Embarcadero Sidewalk. It's way too tall for being smack, dab on the sidewalk of the Embarcadero. Pacific Waterfront Partners (PWP) should do a rendering of what the view of Telegraph Hill will be like when 8 Washington is built when you stand in front of Ferry Park. What Coit Tower? Where did it go? 2. A Zoning Goof-Up Gives PWP a Bonanza. The 8 Washington site is zoned for eight stories because of a mistake. CalTrans zoned the land next to the Embarcadero Freeway at 84 feet. With the freeway gone, the zoning mistake should be corrected and the land should be rezoned to 40x feet, like most all the land North of the Ferry Building on the Embarcadero. 3. Destroying A Promise to The Gateway Apartment Dwellers. When the Redevelopment Agency allowed the construction of The Gateway Apartments, part of the deal was to make the GG Tennis and Swim Club the renters' open space and recreational amenity. There was a compact made, and now it is being broken by a greedy owner of The Gateway Apartments, who stands to make millions on his share of this development. New owners of 8 Washington's luxury condos will have priority at the new Club, leaving few spaces for long-time members. And five of the nine tennis courts will be gone forever. How is this fair to the Barbary Coast neighborhood? <p>So... it might be appropriate to go back to the drawing board. Perhaps PWP and the CalStrs could make just a little less profit.</p> <p>Scale down the development; built it four stories or less along the Embarcadero, and higher if necessary on Drumm Street; keep all 9 tennis courts and pools; grandfather existing Gateway Apartment members into the club at their current dues. Do these things, and watch how the neighborhood might change its view of this project.</p>
<p>February 10, 2009</p> <p>From: Ruthy Bennett</p> <p>Email to Supervisor Chiu Copied to: MMoyer</p>	<p>I am writing to urge you to award the development rights of SWL 351 to San Francisco Waterfront Partners. The project proposed by SF Waterfront Partners for 8 Washington Street is a green and sustainable project. It is adding public open space to our city, which desperately needs this kind of space. SF Waterfront Partners has worked with the community and the City to create a well designed, diverse and forward looking project. Please consider adding this surface parking lot to their project and allowing SF Waterfront to turn a current heat island into a public green space. Thank you, Ruthy Bennett</p>
<p>February 10, 2009</p> <p>From: Ken Rubardt</p> <p>Email to Monique Moyer</p>	<p>As residents of the Golden Gateways Center and members of the Tennis and Swim club, we'd like to add our names to the list of people strongly opposed to the development at Washington and Drumm. This is a lovely area of the city that would be diminished by squeezing in more highrise blocks and reducing the openness of the area.</p>
<p>February 18, 2009</p> <p>From: Jonathan Middlebrook</p> <p>Email to John Rahaim Copied to MMoyer</p>	<p>No doubt you know of the struggle in the Barbary Coast Neighborhood over development of public land (Seawall Lot 351) in conjunction or tandem with private land abutting it—the combined parcel known as the 8 Washington project.</p> <p>It's a 4-way contest, with the Port, a one-interest lobby named FOGG (Friends of the Golden Gateway), a neighborhood association (BCNA) and the developer (Pacific Waterfront Properties) locked in the cage together, and apparently at impasse</p> <p>My own interest in the matter is twofold: first, the current use of SWL 351 as a parking lot blights an extremely valuable plot of NE waterfront land. The lot, with its chainlink fence topped with a straggle of hostile barbed wire, attracts garbage, rats in the ivy, and after-nightfall drug deals.— Second fold: I am a condo owner and stakeholder in the neighborhood and given to night-time dog walking.</p> <p>As a member of the Board of the Barbary Coast Neighborhood Association, I speak with all the contestants, generally cordially, though I need here to emphasize that my</p>

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support for a negotiated mixed-use development based on PWP's current proposal for 8 Washington is, so far, a minority point of view on the BCNA Board. Perhaps this is the case because there is a considerable overlap between the boards of FOGG and BCNA.

FOGG's position is that their private club's 9 tennis courts trump all other considerations gavin.newsom@sfgov.org in matters of development. The Port's need for money and the City's interest in high-paying construction jobs and a vital and inhabited NE waterfront with truly public (no-fee) open space, simply are not factored into their calculations.

Such determined one-issue resistance to any realistic development proposals has so far been successful. Ultimately, however, FOGG's resistance is doomed. The site will be developed. The only questions are how, and by whom and to what height along The Embarcadero itself.

We have a genuine consensus in Barbary that 40' is an appropriate height limit for buildings on The Embarcadero.

While the current PWP proposal is for two 84' towers, one on The Embarcadero, there is a way out our impasse.

It requires the Planning Department to play a leading role in negotiating with PWP to accept a 40' height limit at The Embarcadero and a tower—say 140' or so—on the sw corner of their proposal. Such a tower would be unremarkable (a virtue) because it would be overtopped by a 240' apartment structure to its west and by the downtown highrises to the south. Looking north from the Ferry Building, the current pedestrian view of Coit Tower would be maintained.

While negotiating with FOGG is likely to be as rewarding as President Obama's courtship of congressional Republicans, the neighborhood is not so monolithic in its opposition to realistic development as FOGG would have the Board of Supervisors believe.

A development which produces income for the Port, rebuilds a private club with its two swimming pools and improves exercise facilities and at least 4 tennis courts, and additionally gives the public true, no-fee open space and clear pedestrian lanes from Davis Street to The Embarcadero can gain public support, probably in inverse proportion to distance from the membership desk at the Golden Gateway Tennis & Swim Club.

I urge you to work with the Board of Supervisors and our District 3 supervisor, Board President Chiu, to implement the solution I have outlined at too much length in this letter.

For my own part, I'll continue to speak in favor of it in the various meetings I attend, to the whispered thanks of Barbary Coasters who seem to be intimidated into silence among their peers.

JOHN A. PRITZKER

PIER 5, THE EMBARCADERO
SAN FRANCISCO, CALIFORNIA 94111

TELEPHONE: 415.604.5811

FAX: 415.604.5812

E-MAIL: JP@GOLD.COM

January 26, 2009

Dear Supervisor Chiu:

I am writing to you as a neighbor to voice my support for the 8 Washington proposal that has been submitted to the Port by San Francisco Waterfront Partners for the redevelopment of Seawall Lot Block 351 and the adjacent Gateway Center Land.

As a tenant on the Waterfront and having been personally involved in the development of The Hyatt Regency San Francisco many years ago, I have watched the steady redevelopment of the area since 1973. I consider the proposal a perfect opportunity to give the public a large amount of open space, solve the Ferry Building Waterfront Area's parking problems and ensure the sustainability of the tennis and swimming recreation club.

I project that from the Hyatt Regency's stand point, the development will boost the quality of the neighborhood and increase the desirability of the area, not only for local residents but for business travelers and tourists alike.

I do not believe that an eight story building located to the south of Jackson Street and in the shadow of a 22 story building should be considered as intrusive on the neighborhood.

I hope you will support the Port's endeavors on the waterfront and not be misled by the barrage of misinformation that is being directed to you by a relatively few special interest groups.

Sincerely,

John A. Pritzker

cc: Monique Moyer, Port Executive Director
Alicia Esterkamp, SFWP

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Tel. (415) 398-7667 Fax (415) 398-0596 Mobile: (415) 518-8439

E-mail: dglumac@glumac.com

Mechanical

Electrical

Acoustical

(Via e-mail: david.chiu@sfgov.org)

January 26, 2009

District 3 Supervisor & President David Chiu
City Hall

1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Subject: Seawall Lot 351 / 8 Washington Street

Dear Supervisor Chiu:

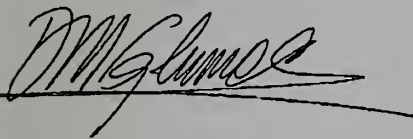
I am an ardent supporter of the proposed development by the San Francisco Waterfront Partners at the subject lot. Consequently, I urge you to approve the project since, in my opinion, this project is one of those rare win-win situations for the City. I have heard two presentations at the Port Commission and have intimate knowledge of the proposed development.

I am a resident of San Francisco since 1961. I have started an engineering firm in 1971 with offices at the Embarcadero Center. I have served as Commissioner on the Board of Examiners for the last 26 years. In that capacity I have seen many projects, large and small, that came to the Board. As a Mechanical and Electrical Engineer, I have been involved with many projects in the City. I was also fortunate to work with the people in charge of San Francisco Waterfront Partners and I consider them the best and most responsive developer in the City, bar none. I believe my background in the construction industry qualifies me to pass the judgment on this development.

The proposed development meets and exceeds ALL of the needs of the neighborhood of Washington Street and The Embarcadero and will provide badly needed jobs in the construction industry - the San Francisco own stimulus package.

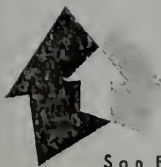
I urge you again to support this beautiful project. Time is of the essence.

Sincerely,



DICK M. GLUMAC, P. E.
Consultant Engineer

cc: Monique Moyer - Port Executive Director
(via e-mail: monique.moyer@sfport.com)
Alicia Esterkamp - San Francisco Waterfront Partners, Principal
(via e-mail: aesterkamp@pacificwaterfront.com)



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January 28, 2009

**Ref: 8 Washington Street Mixed-Use Project
San Francisco Waterfront Partners LLP**

Dear Supervisor Chiu:

On behalf of the 83 member organizations of the San Francisco Housing Action Coalition (SFHAC), I would like to draw your attention to a project in your district that is of keen importance to our members.

As you are aware, for over three years, the Pacific Waterfront Partners' proposed mixed-use residential project at 8 Washington Street has been working to secure its entitlement and approvals. The SFHAC has long supported its proposed land uses and general urban design. We believe it will support SFHAC's mission of increasing the supply of well-located housing that conforms to good urban design principles and meets the needs of present and future San Franciscans. Furthermore, we continue to believe that this project will revitalize the Embarcadero, reconnect the waterfront to its adjacent neighborhoods and bring enormous financial and aesthetic benefits to the City.

We know that there is vocal organized local opposition to this worthy project. We are writing to ask that you consider the reasons why supporting this project plainly benefits the larger interests of San Francisco.

Land Use. Sea Wall Lot 351, perhaps some of the most valuable land in Northern California, is currently being used as a parking lot. Perhaps this made sense when the Embarcadero Freeway was standing – continuing it into the future is a gross misuse of a valuable resource. Other than the proposed 8 Washington mixed-use project, are there *any* alternative proposals that would not perpetuate an ugly parking lot on one of our grandest boulevards? Is it not time to put this land to better use?

Financial Benefits. As we know, the Port of San Francisco faces a crushing capital improvements and infrastructure backlog. Its facilities are crumbling and there are currently few realistic sources of funding to address this critical problem. The City is in scarcely better financial condition. The proposed 8 Washington project would bring significant badly needed revenue to the Port and the City. Building it would pay for public open space, improved recreational space and provide much-needed jobs. A recent competing proposal for a hotel on Lot 351 was withdrawn as infeasible. No others have come forward. Have there been any alternative proposals that do not require the City to *spend* money at this location?

Affordable Housing. Although the proposed 8 Washington project is market-rate, under the City's inclusionary housing ordinance, it is required to provide 15 to 20 percent desperately needed below-market-rate housing in District 3. Depending on the project size, this is estimated at 21 to 34 homes for families that could otherwise not obtain them. This must not be taken lightly. Does losing five private tennis courts trump this much affordable housing for District 3 families?

Project Height. The proposed height for the 8 Washington project is 84 feet. This is *one-third* the height of the adjacent Golden Gateway, the closest housing and *one-sixth* the height of Embarcadero Center, the closest commercial buildings. It hardly registers next to them and is only slightly taller than the pier bulkhead buildings across the Embarcadero. This is a modest proposal that fits well with its surroundings and it is this residential density that allows for the creation of the significant public benefits. Does this not represent a sensible progression of building out the northeast waterfront?

Open Space. The proposal not only provides 28,000 square feet of privately maintained public open space, it creates a pedestrian opening from Jackson Street to the Embarcadero that will help activate the waterfront. Please note that the 28,000 square feet of public open space exceeds the total land area of SWL 351. At the same time, it *increases* the total amount of private recreational area. We must emphasize that the Golden Gateway Tennis and Swim Club is a private, members-only, facility. The proposed open space use of this land is an improvement for *all* San Franciscans. Are there other proposals that offer the City a better deal?

Supervisor David Chiu
January 28, 2009
Page Three

Additional Studies. The proposed 8 Washington project has been designed in conformance with the Waterfront Land Use Plan that was adopted by the City more than a decade ago. This plan received extensive public input and won broad acceptance. We now hear calls for additional studies before changes can be made on the Embarcadero. How will additional studies benefit the integrity of the City's planning process? How does the City benefit by delaying the project?

We are sympathetic to the difficulties in balancing the competing interests at play. However, we believe that the public benefits offered by the 8 Washington project are plainly in the larger interests of the whole City. We respectfully urge you support this project.

We stand ready to work with you on this important issue in any way you think helpful.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Colen', with a long horizontal flourish extending to the right.

Tim Colen
Executive Director

Cc: SF Port Executive Director Monique Moyer
SF Planning Director John Rahaim

Appendix E

Responses to Northeast Waterfront Advisory Group Questions regarding San Francisco Waterfront Partners Proposal for Seawall Lot 351

SWL 351 RFP Process

Questions for the Port Staff

Raised by Northeast Waterfront Advisory Group Sub-Committee Review

- 1) *What implications does the North Point Force Main on The Embarcadero, adjacent to the site, have for the project?*

The San Francisco Public Utilities Commission is moving forward with a plan to realign the North Point Force Main that currently runs down The Embarcadero. The realignment will run the force main through the sewer box currently existing in the Jackson Street right-of-way that crosses SWL 351. The Port is working with the PUC to ensure that this project does not impact the ability to develop SWL 351. The PUC is in final construction documents state and anticipates beginning construction in Summer 2009. At a future NEWAG meeting, the PUC project staff will be present this project.

- 2) *What is the current status of the City's goal presented several months ago to the NEWAG by former SF Planning Director Dean Macris and Planning's Dave Alumbaugh, with \$100,000 in funding from the Recreation & Park and Planning Departments "to create a lively crossroads of enticing fun, rather than the 20 acres of scenic but little-used space that now spills inland from the Ferry Building" (John King, San Francisco Chronicle)?*
- 3) *How does the proposal relate to this Recreation & Park/Planning Dept open space planning process? Sue Bierman/Ferry Park will be surrounded by tall buildings that will limit the transition that NEWAG discussed as important at the meeting where Macris/Alumbaugh presented. Will the built environment cut off options for open/recreation space?*

These two questions address the same planning effort.

The Planning Department's review of waterfront open space will focus on the current park areas and identify they can better meet the City's needs. These areas are Sue Bierman Park, Justin Hermann Plaza including the portion between Market and Mission Streets, and Harry Bridges Plaza. An initial report of these efforts will be available in April 2009.

- 4) *When might the Waterfront Design Advisory Committee weigh in with its analysis and recommendations re design for the GGTSC site and SWL 351?*

Waterfront Design Advisory Committee review would be one of the steps in the development review process after the Port Commission would award the development opportunity during the negotiations period.

- 5) *How will staff deal with these questions and with the additional comments & questions on February 4 from NEWAG members and the public*

Staff answered these questions verbally and in writing and has included them in the Staff Report provided to the Port Commission regarding the SWL 351 development opportunity. The summary of comments made at the meeting is also in the Staff Report.

Suggestions and Questions from January 22, 2009 Meeting re SWL 351 Proposal

San Francisco Waterfront Partners Response:

- 1) What implications does the Port of San Francisco Embarcadero Historic District have for the project, with respect to the Old Seawall and New Seawall, and urban design and compatibility?

The San Francisco Embarcadero Historic District includes the Piers, certain buildings, the New Seawall and the Marginal Wharf but does not include SWL 351. The Old Seawall may be affected by the excavation required for the parking garage; it is unlikely that the minor excavation for the one story health club building will affect the Old Seawall. Any impacts on the Old Seawall will be fully studied and disclosed in the EIR and appropriate mitigation measures will be adopted for testing, monitoring, data recovery and interpretation.

The project has no impact or relationship to the New Seawall.

The Waterfront Design Advisory Board, the San Francisco Planning Department, the Historic Preservation Commission, the Port Commission and the San Francisco Planning Commission will evaluate the design of the new building in the context of being across the Embarcadero from buildings that are located within the District.

- 2) What is the likelihood of finding an historic ship or historic structure buried on the site, and how would that affect the proposal if any are found during excavation?

The buried ship that is most likely located within the boundaries of the site is the Bethel – see attached map. The excavation for the tennis courts and one-story health club building is limited to approximately four feet. The draft Cultural ARDTP study indicates that the top of the ship is most likely at a depth of 8-10 feet below current day land surface. Therefore there will likely be no affect on the Bethel based on this information.

The Final Cultural ARDTP will contain protocols and mitigations in the event that an historic ship is discovered during excavation of the site.

- 3) Might the above, or any other underground conditions, preclude underground parking or make it too costly?

We believe that we have adequately studied and planned for all of the above conditions and have priced the underground garage appropriately.

- 4) Is the recreation associated with the Golden Gate Tennis & Swim Club (GGTSC) called for in the Golden Gateway Redevelopment Area, the Golden Gateway Apartments conditions of approval or any other measures adopted by the City, i.e. what is it's legal status?

The legal status of the GGTSC is on a month-to-month lease located on a parcel zoned under the City Planning Code as RC-4 (Residential-Commercial Combined Use-High

Density), 84-E (84' height limit). There is no law, legal document or deed restriction that mandates the GGTSC's continued presence at the site.

The site occupied by the GGTSC was designated for Residential use under the 1959 Embarcadero-Lower Market (Golden Gateway) Redevelopment Plan. The Redevelopment Plan expired on January 1, 2009. The only continuing land use controls from the Redevelopment Plan relate to Block 168 (located north of Jackson Street) which continue through December 5, 2009. None of the Redevelopment Plan land use controls require the site to be dedicated for recreation. After expiration of the Redevelopment Plan land use controls, the entire GGTSC will be governed solely by the Planning Code.

The site is also subject to an interim zoning control adopted by the Board of Supervisors that requires a conditional use permit for projects involving a change in use or reduction of recreation facilities of more than 15,000 square feet.

There is some confusion over the use of the site for recreation, so some historical context is useful. A few years after the original adoption of the Redevelopment Plan in 1959, the Redevelopment Agency entered into a Disposition Agreement with the Perini Corporation for redevelopment of the Golden Gateway. In the Redevelopment Plan, the GGTSC site was zoned Residential with a 250' height limit, but the Disposition Agreement imposed a requirement for the developer to build "community facilities of a permanent nature . . . designed primarily for use on a nonprofit basis." However, the requirement to construct these community facilities was deleted by the Redevelopment Agency in the second supplement and amendment to this disposition agreement on March 24, 1976, at the same time that the Agency reduced the height to 84' and put into place a permanent open space designation for Sidney Walton Park. A memorandum dated October 17, 1975 from Arthur F. Evans, Executive Director of the Redevelopment Agency, indicates that the community facilities requirement was eliminated on the condition that the Golden Gateway Center dedicate Sidney Walton Square for perpetual use as a public park. Prior to this agreement, the Redevelopment Plan would have allowed Sidney Walton Square to eventually be developed for residential use. The record shows that Perini received a subsidy for the land cost in conjunction with its redevelopment of the Golden Gateway Commons in 1976 due to the diminution in value of Sidney Walton Park, not in exchange for an agreement to retain the GGTSC site as permanent recreation.

In any event, the Club as approved and currently operated, would not have qualified under the community facility provision that was deleted from the Redevelopment Plan because it is not operated on a nonprofit basis. The Club is a private swim and tennis club, with no public access.

- 5) How long would the GGTSC pools and tennis courts be unusable due to demolition and construction? Where are other comparable recreation facilities that might be available to current club members during this period, and would GGTSC members receive any preferential treatment at such facilities?

As currently planned, the pools and tennis courts would be unusable during the 2 ½ years of construction. We are, however, working with the operators, Western Athletic Clubs, to secure interim facilities at the Bay Club and the San Francisco Tennis Club.

- 6) The site is still within an 84-E Height & Bulk District. Many believe this is an anachronistic holdover from the Embarcadero Freeway, which pits the community/neighborhood against the economic needs of the Port to maximize revenues. Were design changes considered to increase height on the Drumm Street frontage, then stepping down to lower, less bulky height at The Embarcadero frontage?

As explained in the answer to question 4 above, the original height in the Redevelopment Plan was 250 feet. It was not related to the Embarcadero Freeway height, but intended to encourage high-density high-rise residential development. In the mid-70's that type of development was considered economically infeasible so the entire area was rezoned to 84 feet to accommodate the type of mid-level residential development proposed by Perini, which became the Golden Gateway Commons.

The current project/residential density is required to pay for the vast public benefits within the project. The proposed height is also required to allow the project to retain the entire site north of Jackson Street as open space and recreation. We have designed the project to achieve the required density while conforming to the City's current zoning and height map. We consider changes to the existing height maps to be a City Planning matter and we have not yet explored this with the Planning Department.

- 7) When might the SF Planning Department and Planning Commission weigh in with Planning's analysis and recommendations re the appropriate Zoning Use District and Height & Bulk District, and design, for the GGTSC site and SWL 351?

We do not control when Planning would weigh in with analysis and recommendations. However, if awarded the RFP, we would commence pre-application meetings with the Planning Department immediately in anticipation of submitting a PUD/CUP application. We are not requesting a height/bulk or zone change, but the Planning Department and Commission would review the proposed design for the GGTSC and SWL 351 sites as part of the PUD/CU process.

- 8) Has open space or a lower profile been considered for the corner at Washington Street and The Embarcadero? Has pulling back from the street edge been considered, as a possible exterior use enabling gathering for social life of the citizens in the building and those who come to it for the commerce it has to offer?

These options were considered but given the current 84 height limit did not allow for the density which the project financially depends on. Given the size constraints of the site and the required density, we prioritized open space and recreation space north of Jackson Street over further setbacks. However, the ground floor retail along the Embarcadero edge would be recessed to allow for protected outdoor seating.

- 9) What is proposed between the tennis courts and Pacific Waterfront Park (if no restaurant) in the area shaded gray in several drawings?

The plan would either include a restaurant with seating spilling out into the park, which would enhance the security of the park, an art wall, decorating the back side of the tennis fence, or a potential bike rental facility (ie: Millennium Park).

- 10) What façade treatment would be used for the building wall along The Embarcadero behind the steps that rise from the tennis courts to the club building roof?

This building would be consistent with the residential buildings and would be comprised of limestone and glass. The staircase and lounging area along the staircase would include landscaped portions.

- 11) What are The Embarcadero's sidewalk widths alongside SWL 351 and the GGTSC site?

The Embarcadero sidewalk adjacent to SWL 351 and GGTSC is 15 feet wide and planted with London Plane trees. The sidewalk width and design was considered and adopted by the Port and the City as part of the Mid-Embarcadero project, the result of a multi-year planning process that occurred after the Embarcadero Freeway was razed. This 15' width is consistent throughout the majority of the Embarcadero Roadway Project from King Street on the south to North Point Street on the north. There are two stops for the 12 Folsom bus in this area; one at the mid-block signalized crossing between the Pier 3 and Pier 5 Bulkhead buildings and one at the corner of Washington and Embarcadero.

- 12) What do the blue arrows on page 2.16 indicate?

Pedestrian access.

- 13) What are the anticipated unit sizes and bedroom counts?

The units are an average of 1600sf and would include 20% one bedrooms and 80% two and three bedrooms.

- 14) Can an elevation or rendering be provided that shows the Entrance Pavilion better?

Yes. In-progress image presented to NEWAG.

- 15) Can photomontages be made available in the future that show the proposal from (a) Drumm Street between Embarcadero 3 and 4, (b) Sue Bierman Park, (3) the promenade alongside the Ferry Building, and (4) the promenade between Pier 5 and Pier 7?

Yes. (In progress)

- 16) What is the height of the Ferry Building, the Pier 1-5 bulkhead buildings, the adjoining Golden Gateway Apartments and Golden Gateway Commons along Drumm Street?

Pier 3: Top of arch (base of flag pole): 54'-8"
Top of typical parapet: 36'-10 1/2"

Pier 5: Top of arch (base of flag pole): 54'-9"
Top of typical parapet: 36'-11 1/2"

Golden Gateway Apartments: 220" Top of last occupied floor
245" Parapet over the elevator overrun tower

Golden Gateway Commons:

57'-6" Top of parapet

Ferry Building:

64" Roof line

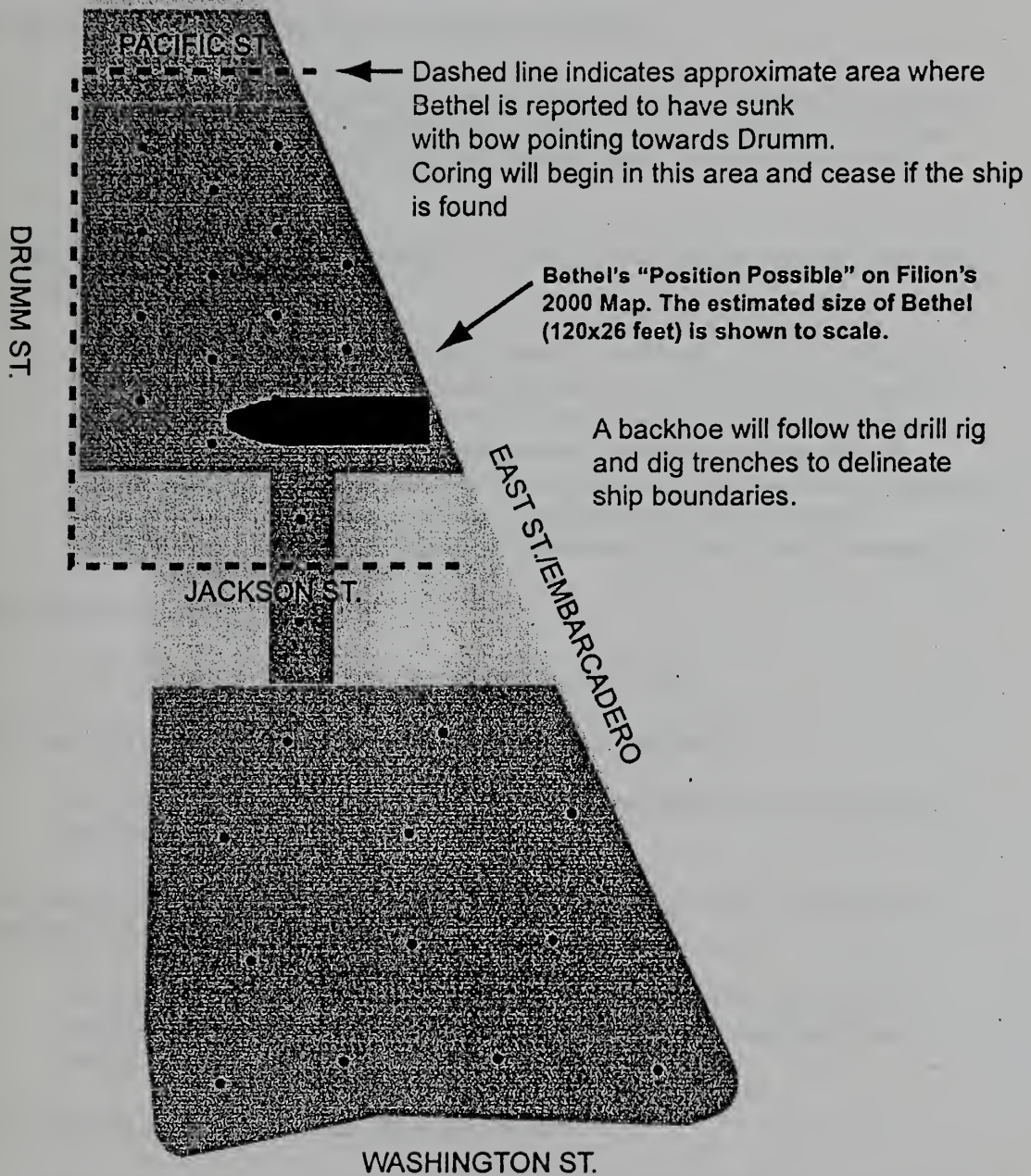
232" Clock tower

17) What ongoing efforts will staff and SFWP make with community stakeholders in the area?

SFWP is committed to working with the Port and the community stakeholders to provide the best possible project and design. We have consistently shown patience and evolution and are prepared to continue this process. We hope for a meaningful dialogue with members of the community who are clearly committed to the betterment of the waterfront and neighborhood.

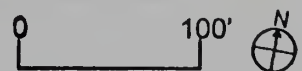
Areas of dark gray will be excavated to 20 feet or deeper below the surface.

Lighter gray areas will be excavated to a maximum of 18 inches below ground surface. (see Figure 2)



- Initial Coring Locations to be followed by test trenches if resources are found

Figure 13. Archaeological Testing Plan: Bethel



Questions re SWL 351 Proposal
February 13, 2009

San Francisco Waterfront Partners Response:

1. Are the roofs (condo or health club) big enough for Tennis?

There is not sufficient room on either roof.

2. What is total project parking? How many levels of Parking?

There are a total of 420 parking spaces on three levels. There would be between 140 – 170 residential parking spaces (1:1) depending on final unit layout and count. We have proposed 250 public parking spaces provided for the Ferry Building Waterfront Area.

3. What is the proposed Public trust solution to the fact that the project contains many non-trust uses, especially residential?

The 8 Washington project includes a proposed exchange for those portions of SWL 351 on which non-trust uses are proposed for an area of land of equal or greater value within Blocks 171 and 201, located generally along the former Jackson Street right of way, the Drumm Street right of way and the Pacific Avenue right of way as well as all of the land north of Pacific Avenue contained in Assessors Block 171. This process would include approvals by the Port Commission, San Francisco Board of Supervisors and State Lands Commission.

4. How many units in the project?

140 – 170 depending on layout and final configuration.

5. How does the project address City affordable housing requirements?

The project would pay a fee-in-lieu for off-site affordable housing units (20% of the market rate units).

6. How does the proposed project address the existing zoning and Board of Supervisors restrictions on removing private recreation?

The legislation requires a conditional use permit when removing more than 15,000 SF of recreation space. The project will file for this conditional use permit.

7. How does the project address pedestrian circulation?

The project's developer and architect have gone to great lengths to address this matter. As currently configured, the site does not allow for any public pedestrian

circulation and isolates the public from the site. As proposed, the 8 Washington project encourages pedestrian access and circulation with ground floor restaurant and retail uses. Additionally, the project would re-open Jackson Street and Pacific Avenue to pedestrian access to and from the waterfront and allows for passive and active recreation in these open spaces.

8. Who will manage the recreational facilities? Who will have access to them? Will condo owners have priority access what is change in capacity?

As currently planned, Western Athletic Clubs (the current operator and owner of the Bay Club and SF Tennis Club) would continue to operate the club. Club members would have access to the club. The number of tennis members would likely be reduced while the number of fitness and swim members would be increased. Until the plan is finalized, we will not have an exact count in the increase in capacity. Golden Gateway Apartment tenants will continue to receive a discounted membership.

9. Could there be, in these uncertain times, a possibility of having a big hole excavated for the garage, and then the developer run out of money?

No, we would have our construction financing in place prior to beginning construction.

President, Board of Supervisors
District 3



City and County of San Francisco

DAVID CHIU

邱信福 · 市參事主席

February 19, 2009

Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Dear Commissioners

As you know, many of my constituents along the City's northern waterfront have called for an update to the Port's Waterfront Plan. Given the current discourse regarding the development proposal at Seawall Lot 351, I believe that the time is right for this effort.

Port development in the northern waterfront is an extremely important issue to many of the residents of my district. In recent years, several Port-initiated development efforts have failed in the face of community opposition. Similar concerns are currently being raised regarding the proposed development at SWL 351 and the future development of seawall lots on the northern waterfront, and I share many of these concerns.

To address these concerns, I would strongly urge the Port Commission to work with the City's Planning Department to lead a focused public planning process for the Port's surface parking lots north of Market Street. This effort could recommend possible amendments to the Port's Waterfront Land Use Plan and Design and Access Element, and to the San Francisco Planning Code. I urge the Port Commission to condition any negotiations regarding SWL 351 upon the full participation of both the Port and the project proponent in the planning process, and require any development proposal to respond to development guidelines established through the process. This planning effort can be structured to not delay current efforts that have broad community support to rebuild Port piers across the street, such as the Exploratorium or Pier 27 International Cruise Terminal.

The Planning Department has undertaken several successful community-based planning efforts, including a recent effort involving Upper Market, to resolve land use conflicts. From my perspective, this is a successful model to address valid community concerns and the Port's financial condition.

I believe that a focused, six to eight month process managed by the Planning Department could foster community consensus for a SWL 351 project and design, as well as for future development along the northern waterfront. The community and Port have legitimate goals and concerns, and I hope that by bringing all stakeholders to the same table, we can build consensus for the future of our waterfront.

Sincerely,

A handwritten signature in black ink that reads "David Chiu". The signature is written in a cursive, flowing style.

Supervisor David Chiu

CC: Monique Moyer, Executive Director, Port of San Francisco

SAN FRANCISCO PORT COMMISSION

**FEBRUARY 24, 2009
MINUTES OF THE MEETING**

GOVERNMENT
DOCUMENTS DEPT

MAR - 6 2009

MEMBERS, PORT COMMISSION

HON. RODNEY FONG, PRESIDENT

HON. STEPHANIE SHAKOFSKY, VICE PRESIDENT

HON. KIMBERLY BRANDON

HON. MICHAEL HARDEMAN

HON. ANN LAZARUS

SAN FRANCISCO
PUBLIC LIBRARY

**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING FEBRUARY 24, 2009

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:05 p.m. The following Commissioners were present: Rodney Fong, Stephanie Shakofsky, Kimberly Brandon, Michael Hardeman and Ann Lazarus.

2. APPROVAL OF MINUTES - February 10, 2009

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; the minutes of the February 10, 2009 were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:06 p.m., the Port Commission withdrew to executive session to discuss the following:

- (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

This session is closed to any non-City/Port representative.*

- a. Property: AB 0201, Lot 013 also known as Seawall Lot 351 (Washington Street at the Embarcadero)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: San Francisco Waterfront Partners, Simon Snellgrove

5. RECONVENE IN OPEN SESSION

At 3:25 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Shakofsky made a motion to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Shakofsky made a motion to not disclose any other information discussed in executive session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Moyer reported the following:

- Pier 31 Update: Pier 31 is one of the Port's older piers near the Pier 35 cruise terminal. It has been identified, for probably almost the last decade, as a part of a larger project known as the Pier 27/31 Project, for which we've tried to work unsuccessfully now with two developers. In early February, our maintenance crew noticed that there were some problems inside the shed of Pier 31. Our engineering staff performed what is known as a rapid structural assessment of the facility. The news is not particularly good. It's not necessarily a surprise because we do know that the piers are fairly old. As identified in the Capital Plan, Pier 31 is in need of an investment of at least \$22.5 million to protect it. Sherban Duncan, principal engineer in the Port's engineering group, will quickly walk through what the structural assessment of Pier 31 is.

Sherban Duncan indicated that the Pier 31 superstructure condition survey is completed, the inspection of all the wood framing members and supports with the following exceptions: two trusses over Plastiki's area are not going to be accessible; dry rot occurring in the two ship posts require maintenance, temporary shoring, and the two trusses.

Ms. Moyer indicated that we have a tenant at the very back of the shed, the eastern part of the shed, known as Plastiki. They are a fairly short-term tenant. They are building a vessel for sailing made entirely out of plastic bottles, hence the name Plastiki. Hopefully, their work is going to

be concluding and then we have tenants in the bulkhead. It's important for the Commission to get a visual of the type of damage that's being sustained at Pier 31, because this is the type of damage that we're going to see more and more of and that the capital plan is doing its best to address. The capital plan no longer has identified funding to repair Pier 31. Pier 31 has been an integral part of our plan for Piers 27, 29, and 31, in part because we recognized a long time ago that the development of Pier 27 and 29 would help fund the restoration and saving of Pier 31. Pier 31, like Pier 35, is a fairly small pier. The improvements are pretty expensive; to then amortize over a rather footprint is a difficult task. It's long been at the Port's view, that development at Piers 27/29 could be a means of saving 31. Obviously, we don't have a developer for that site anymore. We're pursuing plans at Pier 27 for a cruise terminal which has left Pier 31 unfunded.

Sherban Duncan indicated that dry rot occurring at the top of two shed posts requires maintenance, temporary shoring and two new trusses. This is another shoring. There's one more shoring split in the shed roof truss. Dry rot occurring require maintenance be installed, temporary shoring, and the two roof trusses; dry rot occurring within three shed roof require maintenance be installed, temporary shoring; and the three roof trusses. Altogether, the maintenance is to install the engineering eight shorings. All the eight shorings are in the shed building and not in the bulkhead building. Pier 31 actually has two buildings, the shed building, which goes along the pier, and the bulkhead building, which is like a connector. We have thirteen shed posts, only in the shed building area, have incurred dry rot but not to the extent that immediate shoring is required. Seven shed beams and four beams in the shed building incurred dry rot but not extended, immediate shoring is required. However, no visible dry rot was discovered in bulkhead building framing members. We cannot see all the dry rot. There is probably dry rot going along the nails; if we pull the nails, we'll see a lot more.

The structure was built in 1918. The last work that was done, at least in the early '40s for the roof. It hasn't been touched since. Plastiki, the tenant, is allowed continued occupancy at the eastern end of the shed through the end of March. Occupancy will be permitted at the bulkheads through the end of May. The outside corridors are red-tagged. The rest of it is yellow-tagged. Port staff plan on red-tagging the whole facility on June 1, 2009.

Ms. Moyer indicated that we have a few tenants and we will be working to relocate them. We're doing our best to accommodate them as we can within appropriate safety measures. But it's pretty depressing news. It's important news because we do provide parking for the ILWU in Pier 31 on cruise ship day. Obviously, we're going to have to find another place for that as well. It's going to create some challenges with not just how we get rental income from the pier but how we operate our core business, which

is our maritime business. These are the challenges we are facing and will continue to face in the coming years.

- Impacts from February 15-18, 2009 Rain Storms. We've had two storms in the last two weekends. The one of February 15th to the 18th was the more ferocious of the two. In and of itself, I don't think anyone would deem it as that ferocious. Nonetheless, it did have an impact on a number of our piers. We had leaking roofs at Piers 26, 28, 48 and 80; leaking windows at Pier 9, all of which maintenance was able to respond to as best as they could. More importantly, we had permanent damage to the public boat dock at Piers 1-½. We had to work with the owner of the dock, which is San Francisco Waterfront Partners, to shore up or protect the dock and have it towed away and hopefully repaired. That was rather alarming, because it wasn't a humongous storm. Nonetheless, it did receive damages. That has taken an important public access point out of production for a while.

Likewise, we also had damage at Pier 52 boat ramp. We had a series of pins break there. Our maintenance staff has worked very hard the last couple of days and weekend to fabricate new pins for us. We didn't actually have to close the ramp completely down but there were some impacts to service. She thanked the maintenance staff for working tirelessly now two weekends in a row, hopefully not a third weekend coming up.

The good news is all of our other docks survived very well. So the floats at China Basin, we lift them out of the water in the winter. They survived quite well. The downtown ferry terminals did just great. Hyde Street Harbor did fine as well. We did have some very serious impacts to our dry dock number one, which is a dry dock that's no longer in use, which we have moored at Pier 80. That is looking to be a much more difficult problem than we had anticipated. We did have one tenant call us with very good news, a Pier 35 tenant; called to say that this was the first time in 10 years that his roof hasn't leaked. He was very appreciative that we were able to repair his roof. Our annual capital plan does have roof repair in it as best as we can fund. The roofs themselves are in the neighborhood of \$1 million to \$3 million to repair. These are not ever-small projects and the funding for them is very difficult to come by. We're really happy to have the rain but hopefully it will give us a little breather so maintenance can do their work. We've been very lucky that we haven't had any real flooding.

- Carnival Elation. On Friday, February 27, 2009, the Carnival Elation will be coming into the Port of San Francisco for dry dock, for what's called a shave and a haircut. She'll be here through March 10th. Those are very important jobs for the region. It's not as big as when we have the post-Panamax ships here for the complete overhauls inside and out but it is important work for us.

- BAE – sole source with MARAD We also learned that our ship repair operator, BAE Systems, is being recommended for a sole source contract to work on the MARAD ships that are currently berthed in Suisun Bay. It hasn't yet come with funding, but at least we're one step closer. There is money in the federal stimulus package for small shipyards. Our shipyard is a candidate for that. We'll be pursuing that very aggressively.

8. CONSENT

- Request approval of the Port's Annual Operating Budget for Fiscal Year 2009-10. (Resolution No. 09-07)
- Request approval of the Port's \$21 Million Annual Capital Project Budget for Fiscal Year 2009-10. (Resolution No. 09-08)
- Request approval of the FY 2009-18 Update to the Port's 10-Year Capital Plan. (Resolution No. 09-09)

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution Nos. 09-07, 09-08 and 09-09 were approved.

9. REAL ESTATE

- Informational presentation regarding a proposed agreement for a Construction Materials Recycling Center at SWL 352 between the Port and Sustainable Crushing Ventures, LLC.

Brad Benson, Special Projects Manager, indicated that a large team of Port staff have been working on this project for the past year. Port staff expect to go to the Southern Waterfront Advisory Committee (SWAC) and present the project to them to get feedback from the residents in that area and then come back to the Port Commission for later consideration. SWL 352 is located in the southern waterfront area of the Port's waterfront. It's the backlands area near Piers 90-96, south of Islais Creek. The southern most area towards Heron's Head Park is the proposed area for a construction materials recycling center.

A prior Port tenant filed for bankruptcy protection in 2005. They abandoned approximately 120,000 tons of asphalt and concrete on the site. There followed a multi-party litigation with the tenant in bankruptcy, the owner of the surety bonds for the site and the Port. The Port won the multi-party litigation, which resulted in return of the property to the Port, the Port gaining title to the existing stockpile at the site, and the proceeds from the surety bond.

Mr. Benson showed a photo of the existing stockpile at the site. It's been a blighting influence on the southern waterfront community for the last four

years. It's been frustrating to have to spend this amount of time to get rid of this material from Port property.

In October of 2007, the Port Commission approved a Request for Proposals for this site, designed to get rid of the existing stockpile and contemplate a future lease for construction materials recycling at that location. The Port recruited an advisory panel which recommended the team of Raisch Company and San Francisco Recycling and Disposal, which is a division of Norcal Waste Systems, from four responses. Their proposal fit local market conditions quite well. It provided great economic return to the Port. It had a really strong environmental compliance record, which is very important for all of the Port's industrial tenants in the southern waterfront and elsewhere. The team was promising strong local economic benefits and they have excellent experience in this type of recycling. Mr. Benson introduced Maurice Quillen, representing San Francisco Recycling and Disposal, Mark Idemoto representing Raisch Company and Lisa Ising with Dynamic Construction Services.

Norcal Waste Systems was founded and is headquartered in San Francisco. They're an employee-owned company. Norcal's subsidiaries - Sunset Scavenger, Golden Gate Disposal and Recycling Company and San Francisco Recycling and Disposal Inc. - provide waste and recycling collection services and processing services throughout the city. They have an excellent track record of recycling. San Francisco has one of the highest landfill diversion rates of any major U.S. city. San Francisco Recycling and Disposal has been a Port tenant at Pier 96 with their Recycle Central facility since 1998. Norcal provides similar services to 60 California communities.

Raisch is headquartered in San Jose, CA. They specialize in concrete and asphalt recycling operation. When they recycle the asphalt and concrete, they produce a variety of products for use in construction: fill products, aggregate products, etc. They have designed their own recycling system. They operate three facilities in the area, as well as a quarry reclamation project in Milpitas. The equipment was designed and specified by Raisch Company. According to Raisch, their plant has the highest throughput capacity in the U.S. It should help to get rid of the pile quickly.

The Commission authorized the ENA in February 2008. Port staff negotiated a three-part agreement, a services contract to get rid of the existing stockpile, a five-year lease with a five-year option, and an optional construction contract. Raisch and San Francisco Recycling and Disposal are putting the final touches on a joint venture, which will be an LLC between the two companies. In January, the Commission extended the ENA through the end of this month.

The services contract was well-defined during the RFP process. The major components are crushing the mixed asphalt, concrete, and brick material into

a fill product, an inch and a half minus fill product that will cost \$5 per ton. Approximately 90,000 to 100,000 tons of this mixed material are at the site.

They would crush, screen, store, and sell a nearby pile of concrete with some oversize material. The pricing is a little bit different. The fill material costs less to crush at \$5 a ton; the concrete, either \$5.50 per ton or \$8.50 per ton. They would do rigorous materials testing to test the strength of the fill products that they're creating and also the chemistry. It would take two to four months to complete the crushing. The maximum cost is \$1 million of which \$605,000 would be cash, and the rest could be offset by either rent credits or the Port's share of sales of some of the resulting product.

The services contract also provides some emergency services for the City and County of San Francisco. If we have an earthquake in this city, Raisch would have to relocate their crushing equipment to San Francisco at the City's direction to help with cleanup efforts. That's important because this type of crushing equipment usually travels from site to site, serving multiple locations. DPW will appreciate this provision of the contract.

The location of the existing stockpile is at SWL 352. The adjacent area just to the north, Parcel A, is where they would do the crushing operation. They would store the finished product to the north on Port property. After they're done, the lease area would rationalize to a 6-3/4 acre lease area at 15 cents per square foot per month, which is lower than the Port's parameter Rental Rate Schedule. There would be almost a 4-acre buffer area. Sustainable Crushing Ventures, the joint venture, would make \$90,000 a year in landscaping and storm water improvements to the buffer area.

The lease would permit this type of construction materials recycling with no more than 10 percent of deleterious material, which would then be disposed at landfill. And they would have to maintain the landscaping efforts in the buffer area. The agreement does contemplate expanded recycling with slightly more deleterious material but that would be subject to future permitting and future Port Commission approval. The Port Commission would have discretionary approval. The operators would have to prove first that they could get rid of the pile, clean up the property and operate the recycling center before expanded recycling activities were allowed.

In order to avoid a situation where we would end up with another mountain out at the site, there is a storage restriction on the amount of mixed asphalt and concrete that they could store at the site: 25,000 tons at any given time, which is less than a quarter of the size of the current pile.

To make up for the relatively lower base rents, there's an additive participation rent which would apply for gross receipts above \$2.2 million in any given year and it's tiered, depending on how profitable the enterprise is. For example, if they had \$3 million in gross receipts a year, the Port would get an additional \$176,000 in rent, and it would go up from there. The lease

requires strong environmental and financial assurances, a \$750,000 letter of credit, a \$10,000 cash deposit, and a \$90,000 security deposit to protect the Port.

There's an early termination option. Clearly, this is a marginal type of recycling operation without great revenue throughput. If it doesn't work and it's failed in the past, they could terminate on six-month's notice. That would help everybody avoid the prospect of bankruptcy and the kind of problems that we've had in the past. They would be required to provide local trucking opportunities for up to 60 percent of the truck trips emanating from the site. Often, they would be delivering materials to construction sites.

We are particularly impressed with the clean way in which this operator runs its operations. He showed a picture of the type of dust control at every transfer point for material. Raisch uses a spray to maintain tight dust control, and they also would maintain a full-time water truck at the site. Finally, there's an optional construction contract.

In 2009, if the Port exercises its option, we could ask the companies to place the fill material from the crushing of the existing pile on this northern area, Parcel A. It's partly overlaying the area of the Regional Water Quality Control Board's regulated landfill site. That area is currently uneven land and it's not leasable. In October 2008, Port staff apprised the Port Commission of a potential project for improving that site so that it could be leased in the future. It would be subject not only to the Commission's review and approval but also the Regional Water Quality Control Board because of the regulated landfill site. The Port would be able to pay for this work with rent credits.

So there are a lot of next steps. They're permitting through the Department of Public Health, the local enforcement agency for the California Integrated Waste Management Board. They have to go through the San Francisco Planning Department for environmental review. HRC participation goals for the services contract. Staff are in the process of reviewing their operations plan. Rich Berman, a regulatory specialist in the Port's Real Estate division, is leading that effort. Staff will be reviewing the joint venture when it's finalized. Staff will come back to the Port Commission for approval of the proposed agreement and then to the Board of Supervisors.

Mr. Benson thanked everybody who worked on this project: David Beaupre from Planning, Rich Berman, Lawrence Brown who helped both with the advisory panel and in the subsequent negotiations. James Hurley did a great financial model of this fairly complicated rent structure. John Mundy looked at stormwater management for the site; Elliott Riley for the real estate terms. Joanne Sakai has been amazing in terms of crafting a complicated proposed agreement. He also thanked the advisory panel, Carol Bach, Larry Brown, Steve Lautze from the City of Oakland and Tim Leung from our engineering division.

Commissioner Brandon asked Mr. Benson when he's coming back to the Commission with the completed negotiations.

Mr. Benson replied that in the best of all possible worlds, he hopes to come back on March 10, 2009. However, some of the permitting discussions are fairly complicated, and would prefer to have more clarity about the permitting and need, of course, to complete CEQA before coming back to the Commission. There's an existing CEQA clearance for the prior operation at the site that should serve as the basis for that clearance.

10. ENGINEERING

- A. Request authorization to partner with the San Francisco Conservation Corps in an application for Proposition 84 grant funding not to exceed \$87,000 to support construction of the Amador Street Swales project. (Resolution No. 09-10)

John Mundy, Utility Specialist, provided the Commission with an update of what staff consider a fairly exciting project and to request Commission's approval to enter into an agreement with the San Francisco Conservation Corps to seek grant funding on the California Proposition 84 pool of funds.

In the past, staff has discussed with the Commission environmental justice projects that were required through Supervisor Sophie Maxwell's office. Supervisor Maxwell asked the Port's Planning Division to set aside roughly \$400,000 and identify projects that Port staff could implement between Pier 70 and Pier 96 that would enhance environmental conditions along the southern waterfront. The Amador Street Swales project was one of those projects. Staff spent the last couple of years completing a design, talking with the Regional Water Quality Control Board about the requirements for implementing the design, again, within the area adjacent to the regulated landfill, and developing a fleshed-out cost estimate for construction.

Originally, the total construction budget was \$169,000; of which \$64,000 was to be used for design. When staff finished the cost estimate, we found that the cost to completely build the swales, provide landscaping improvements and some of the utility improvements that were necessary to maintain the landscape improvements was \$211,000. Port staff set the project aside and began talking with other agencies. Staff spoke with the Department of Rec and Park and the Department of the Environment. Finally, David Beaupre of Port Planning Staff connected him with Janet Gomes of the San Francisco Conservation Corps. Janet does a lot of her work through grant funds.

The Amador Street Swales project is currently in a funding cycle for the Proposition 84 pool of funding, which is the Safe Drinking Water, Water Quality and Supply, and Flood Control, River and Coastal, and Protection Bond Act of 2006. Janet Gomes approached the Port and asked if we had any projects that we were currently implementing that have a landscaping

component that perhaps we could team on and help the Conservation Corps in securing their grant funds.

After some back and forth between the State, the Port, and the Conservation Corps, we developed an allocation of work wherein the Conservation Corps would take care of all of the landscaping that includes labor costs and some of the plant material costs and Port staff using currently-allocated Port funds would take care of the remainder of construction, which includes installing culverts, some grating and paving work, and also installing an irrigation system.

We've taken the project to the State Water Resources Control Board. However, there is a current freeze on bond funding connected to the recent State budget crisis. The State Assembly and the State Senate have tentatively agreed on a budget. We believe that these funds will probably be freed up in the next month or so. We've heard from our State grant administrators that this project is slam-dunk and, as long as we meet all the administrative requirements, they will give us the money to complete the work.

This is a project that meets all of Supervisor Sophie Maxwell's goals for enhancing the environment in the southern waterfront. The new swales, once constructed, will help reduce pollution and stormwater runoff. The trees and bushes that we plant associated with the swale construction will help control dust from the concrete batching plants and, also, from the new rock-crushing facility that Brad Benson presented earlier. We'll be enhancing habitat in the southern waterfront, in fact, providing a habitat link between the recently-constructed Pier 94 wetlands and Heron's Head Park. We're also demonstrating alternative approaches for managing stormwater in the southern waterfront. Last year, he presented the stormwater design guidelines that will be promulgated this year in San Francisco. The vegetated swales that we're constructing are basically straight out of the guidelines that we've recently developed. So we get all that, and we get to promote job growth in the southern waterfront. He asked the Commission's approval for the project.

Janet Gomes seconded what John Mundy said. It's a great opportunity not only for our young people to be involved in restoring some wetlands at the site but, also, provide them some needed job training. She encouraged the Commission to support this effort. The funds have been appropriated. It's just a matter of when we will actually receive them.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 09-10 was approved.

11. PLANNING & DEVELOPMENT

A. Informational Presentation on commencement of Embarcadero Design Standards Study to review function and develop standards to improve the quality of the pedestrian environment on The Embarcadero Promenade.

Dan Hodapp, Planning & Development, indicated that the Embarcadero Design Standards is a project to evaluate and improve or tune up the Embarcadero Promenade, an existing facility for the Port. The promenade is a linear public space. It travels 2-miles-plus along the waterfront, closer to 3 miles. One of its major purpose as a public space is to allow people to travel and enjoy the waterfront. Another major purpose is to serve Port facilities, whether they are maritime facilities or some of the tenants in the historic buildings or on the piers for whatever purpose. It has that dual role. It serves the cruise terminal. It gets a variety of uses. It's a very active place. It's a very exciting place, the way all the different uses mix together.

What it is -- it's that spine that connects all the waterfront destinations. It is how people form their impressions of the waterfront, how they see it. Everybody who visits the waterfront, or almost everybody in the northern waterfront, travels along the promenade in some way. It is not a dedicated city sidewalk. It is a multi-use pathway. It's historically used for serving the maritime function of the Port, the Port's facilities. As a result, it still has that role. Bicycles are allowed on it, as are the many other types of users. It is a promenade that you can travel up and down. It is the Port's most significant public space. We tend to think very proudly of some of our other parks and open spaces but this is the one that probably has the biggest contribution to the City. This study will look at it from the ballpark in the south up to Pier 45, with the addition of the Pier 43 promenade trail, which has received funding from Prop A last February. Over 15 acres in all as a public space.

There are circulation conflicts caused by many different types of users. Our tenants in the bulkhead buildings or new developers may find that these buildings are extremely opaque, and it's difficult to express the uses in there out onto the promenade and the public spaces. There's a huge collection of street furnishings and items on the promenade that are sometimes coordinated and sometimes not. Again, it's a tune-up. We already have an existing facility.

What we hope to accomplish is to take a light touch but to organize, facilitate the needs of our tenants, facilitate the public here to clean up the collection of public improvements, to organize how these occur along the promenade, to solve some of its problems, and to take a light touch; but to take a touch that shows that we're being a steward of this incredible facility.

In 1985, when the Embarcadero Roadway and Promenade were first being designed, there were very few uses along the waterfront, very few reasons to cross the promenade having to do with the freeway that was in place, the multiple lines of rail tracks, and very few attractions on the waterside. By now, we've added quite a number of things. There's a lot of reasons to cross the

promenade, to be on the waterfront. The promenade is the walkway on the water side of the Embarcadero. This is the destination. It is a BCDC dedicated public space. It differs from the walkway on the land side, which is more of a typical city sidewalk and plays by those rules as a city sidewalk does.

In the future, we expect the promenade to take substantially more space, have substantially more use with the addition of a number of anticipated improvements and some others that are not yet defined. The promenade can be studied as we go through a public process, the way many great works of art are studied, by breaking it down into three common zones: a curb space, a circulation corridor, and a building edge. This could be Market Street. It has a central circulation space. It has a building edge zone where you transition into buildings, where tenants within those buildings can display their uses, and as a curb zone, where you organize the street furnishings along it. This is a very successful and wonderful street to be on. The promenade has some very successful parts but it has some areas where we probably can make some improvements and make that function better.

The promenade differs from many other grand boulevards in that the circulation function is so important. People travel from one destination along the waterfront to the other, and the distances are substantial; but they're very enjoyable. How we address some of the items in it that may not have anticipated the level of use, looking at modifications, possibly the art ribbon and the interpretive pylons, and developing a standard for a clear zone of those spaces. Looking at the building edge zone, we frustrated several developers and tenants so far as they come through and look at trying to express the uses within the buildings. We are also a National Register historical district at this point, which, in the building edge zone, we need to be consistent with National Register standards. We'll be developing a set of criteria that lays the groundwork so developers and tenants can have their questions answered and know how to proceed.

We've got quite a collection of items along that curb zone, whether it's signage, the many different types of signage, and utilities. It's a matter of organizing those, developing a few quick, easy standards to proceed with that. The tasks are to identify changes in the circulation function of the promenade, develop standards for some common site furnishings, which will probably be limited to a few items: benches; litter receptacles; bicycle racks -- some of the common elements you would expect on a major promenade boulevard -- criteria for the tenant furnishings; identifying how to clean these up, how these items are to be placed so that it functions properly; and develop standards for adding public art event banners and some of those other pieces that complete the picture and make us appropriate stewards of this wonderful public space.

The Ferry Building area, as the promenade meets the Ferry Building, will also be covered. The Ferry Building is a little bit different in that it is a very unique

City landmark and has a different architectural and civic character. We're going to be doing standards that are more specific to that. They'll be responding to the requests from the tenants in front of those buildings, as they have recently requested to add overhead weather protection -- canopies or umbrellas -- and other changes. We want to make sure that the type of improvements they do, do not isolate the promenade but respond appropriately to the promenade and, also, appropriately to the historic building that it's in and continue to let this space be a prize of the city.

We are beginning the community outreach process by being here today. On March 9, 2009 at 6:30 p.m., Port staff will be meeting with the two design review bodies, Waterfront Design Advisory Committee and BCDC's Design and Review Board at Pier 1. We'll hold a workshop later this spring. We'll do an iterative review and a refinement process. Staff will be back to the Port Commission to present the findings of that and then, after that, a proposal for adoption.

Commissioner Lazarus asked if the Blue Greenway overlaps the promenade at all.

Mr. Hodapp replied that the promenade study will go down to the ballpark and the Blue Greenway will pick up, which is the ballpark located at China Basin Channel and stopping on the north side of that. The Blue Greenway Study will begin on the south side of China Basin Channel. Being that these efforts are led within Port staff, we will coordinate the efforts but they are looking at different areas. A key difference is that the promenade is an existing facility that we are doing a tune-up to make it function better, respond to our tenants, whereas the Blue Greenway is a new facility that we will be defining these improvements from the onset, some of the standards.

Commissioner Lazarus indicated that the reason she asked was at the last meeting, David Beaupre presented to the Commission about establishing the design standards for the Blue Greenway. She wondered if there was going to be or needed to be any coordination.

Mr. Hodapp replied that there will definitely be some coordination. Hopefully, there won't be any overlap.

A female speaker who didn't identify herself indicated that she walks along the Embarcadero a lot and it's very dangerous for a pedestrian, particularly elderly people. Mothers and fathers with their bicycles, and they're going so slowly but that's all right. It's the dedicated cyclists that are coming along the Embarcadero and doing about 20, 25 miles an hour, very fast; that if you were to change direction in any way at all, you would just be knocked down on the ground. She's very concerned about that. She would like to see a portion of the Embarcadero sidewalk at least dedicated as a safe area for a pedestrian to walk because it's really very dangerous out there.

President Rodney Fong indicated that in one of the slides that Mr. Hodapp showed was a sign that asks faster cyclists to use the bike lane in the street and slower cyclists to remain on the sidewalk. He agreed with the speaker and shares her concern.

Sue Hestor showed the Commission a page from the Waterfront Design Plan. The yellow parcels on the west side of the Embarcadero are Port property. The Port has control of the majority of the land along the west side of the Embarcadero as well. Formerly, there was a large chunk south of Market and north of Market that was in the jurisdiction of the Redevelopment Agency but no one has really plan down to the Embarcadero from the west. The redevelopment jurisdiction lapsed the first of the year. They still had jurisdiction until the first on part of Golden Gateway. She's glad that the Port is doing a study about the waterside of the Embarcadero but the west edge of the Embarcadero, which the Port owns is the pits. It isn't even a decent sidewalk. It's a concrete path you can walk down but it's not inviting. There are myriad of proposals for individual seawall lots. That's kind of a flurry of activity around the Port on a particular parcel and then it ends. She doesn't know what the Port is currently doing on the north of Broadway parcel. There needs to be some attention paid. Since the Port is the landlord for virtually everything, just about everything is either a public street or Port property on the west side of the Embarcadero starting at Washington Street. The Port should be doing some planning. Rec/Park should be doing some planning because they have jurisdiction over the parks that are on that side. The Planning Department has a hands-off attitude for these parcels because they're Port property. Planning doesn't plan for it. Rec/Park only plans for their own sites. The Port is the owners of the land. It's time to do something along the west edge of the Embarcadero because it really doesn't work. It's the Port's responsibility to step up to the plate there as well. She's glad the Port is doing the waterfront but what about all of the rest that the Port own and control.

Ernestine Weiss agreed with the previous speaker. Nothing is done on the west side to improve pedestrian walking and so forth. As far as bicycles are concerned on the waterside, just putting up a sign, "Bicycles Please Use the Bike Lane," is not going to work, because she whistles and yells at all those people doing the wrong things and they just ignore it. There has to be some kind of enforcement and stronger language on a sign. As far as developing the other side, this is a must. As Sue said, the Port owns this property; do something. The west side is the orphan in this development. It gets no attention, no consideration. She asked the Commission to do something for the Port's neighbors, the people who live at the Golden Gateway. This is not what they want. They're not proud of this waterfront as it is. We need to do some drastic changes.

Commissioner Rodney Fong asked Dan Hodapp to comment on the speakers' remarks.

Dan Hodapp indicated that he has two items to address: one is the multi-use of the promenade; and the other, the distinction that we have between the east and the west side of the Embarcadero Roadway. First, on the multiple use: our past supervisor, president of the board, Aaron Peskin, established the Embarcadero Task Force a couple years back to look at transportation of the Embarcadero along the northern waterfront and how it fits the evolving land uses and the transportation needs as it serves the northeastern quadrant of the city.

It's easiest to think of the role of the Embarcadero Task Force, as far as the Embarcadero roadways, four transportation modes: transit, vehicle use, bicycles and pedestrians. Improvements are being made in all four of those categories for transits, looking at increasing the number of cars on the F Line, on vehicles, changes to parking, and clarifications to how traffic moves. What the Embarcadero Design Standards are looking at are addressing the pedestrian function within that group, within those four transportation modes. We have one of the greatest multi-use roadways, boulevards that you can find. It's looking at ensuring that the pedestrian movement, as a transportation option, remains clear. It is not specifically going after the bicycle function, believing that this is a very large issue that deserves the attention and probably the direction from larger city agencies, the greater family of City agencies. Such is being done through the Fisherman's Wharf area right now in the Jefferson Street area. That said, the Embarcadero Promenade is a multi-use. It is used by recreational cyclists and by some other ones that do seem to violate in speed right now. There is a problem. We have been looking at examples from around the world and around this country as to how to address the multi-use. Some of it has to do with signage. Some of it has to do with encouraging appropriate public behavior. We will be presenting options on this and will be returning to the Commission to address this issue in greater detail. It is not something we want to ignore. To clarify, we're not going after the larger issue that some groups have asked for, which is probably to look for a dedicated Class A bicycle -- a separated Class A bike lane along the promenade.

Regarding the east and west sides of the Embarcadero Roadway, the promenade is the public open space. It is about 15 acres of dedicated public access, per the Bay Conservation and Development Commission. We have policies in the Waterfront Land Use Plan's Design and Access Element that tell us to treat the waterside a little differently from the land side; whereas the waterside relates to those waterfront uses, that waterfront architecture, and that built environment. On the land side, the built environment reflects the character and the neighborhoods of the City. As a result, the City sidewalk, much more in keeping with a traditional sidewalk, is what's on the west side of the roadway. It is a 10-to-15-foot-wide sidewalk. It varies in widths. It has street trees in it. When improvements come through, we also look at some of the same issues but we don't treat it the same as the promenade. If you're coming to the waterfront, you come to walk on the east side, on the water

side. You don't come to walk on the west side. So there is a functional difference on the two walkways.

- B. Request approval (1) to award the Seawall Lot 351 Development Opportunity at Washington and The Embarcadero to San Francisco Waterfront Partners II LLC, and (2) to enter into exclusive negotiations to explore a mixed-use development project combining SWL 351 with the adjacent privately owned Blocks 168, 171 and 201. (Resolution No. 09-12)

Kathleen Diohep, Project Manager, requested Commission's approval to award Seawall Lot 351 Development Opportunity at Washington and Embarcadero to San Francisco Partners II LLC and to enter into exclusive negotiations to explore a mixed-use development project combining Seawall Lot 351 with adjacent privately-owned Blocks 168, 171, and 201.

Commissioner Rodney Fong indicated that because we have standing-room only and there's a high level of interest in this project, he asked his fellow Commissioners if there's interest in entertaining a motion to keep public comment to two minutes rather than three. The Commissioners were all in favor.

Kathleen Diohep indicated that she's going to cover an overview of where we are, talk about how we evaluated the proposal we've received, talk about the concerns we've heard from our advisory group and the public, talk through a proposed planning process, overview of our recommendation and the background. She acknowledged John Rahaim, the director of the City Planning Department who will be speaking and addressing some of the issues.

Ms. Diohep indicated that we've been at this for about a year. We came forward to ask the Port Commission how they wanted staff to handle Seawall Lot 351, the surface parking lot across the street. Staff received direction from the Commission to issue a competitive solicitation to see what the private sector wanted to build. Staff worked with the process from February through early July last year with the community and the advisory group to craft an RFP and development objectives. Staff sent out a solicitation twice, ended up receiving two proposals. Early this year, the second proposer withdrew.

Today, we have a proposal from San Francisco Waterfront Partners to combine the Port's property with the Golden Gateway Tennis and Swim Club site, which is adjacent to it, and to build a mixed-use project. Essentially half the site, the part below Jackson, which would be reopened, will be developed intensely with 140 to 170 condominium units with ground floor retail and restaurants. Below would be a subterranean park and garage. North of Jackson would be a rebuilt tennis and swim club with four outdoor courts, a one-story building that would front the waterfront, which would have the swimming pools on top. Then north of what would be essentially a reopened

Pacific Avenue would be another park and open-space area. That's the broad strokes of what they've proposed.

During the evaluation process, she was assisted by Lawrence Brown from the Port's Finance Division who reviewed the financials of CalSTRS, the financials of San Francisco Waterfront Partners. Mr. Brown did due diligence on who CalSTRS and what resources they bring to the table. We were also assisted by Kaiser Marston Associates and Robin Chang as consultants to the Port.

Port staff convened a proposal evaluation panel, which included Kurt Fuchs, Senior Economist from City Controller's Office, Lisa Zayas-Chien, planner/architect from the Redevelopment Agency and Cathy Merrill, planner/landscape architect for Merrill Morris Partners and also the chair of the Northeast Waterfront Advisory Group.

Overall, the evaluation panel and consultant analysis found that this is a very capable development team with an excellent track record for the type of project proposed. This is a partnership between two entities, SF Pacific Waterfront Partners and CalSTRS, the California Teachers' Retirement Fund, providing the funding and the equity. One of the things we want to confirm and assure as we move forward is that funding and the money and CalSTRS commitment is still there. The next broad category was the development and design objectives. These were the ideas and the concepts to bring forth the project. It was found to be consistent with the objectives of the RFP.

There were a few issues of note that we can refine going forward such as how to include the private use of a health club and residential uses on the waterfront. It's harder to have those uses mix with the public realm. There were some concerns about the first block, essentially from Washington to Pacific along the Embarcadero. It would be very lively and active. We would have waterfront restaurants, people coming and going. That was seen as conforming to the RFP objectives. However, the next block is going to be trickier and there are ways to open it up and be engaging to the public. On the other façade on Washington from Embarcadero to Drumm, how to make sure that edge engages the public and integrates with the community. The project meets the minimum requirements and the financial terms set out in the RFP. There is a need to look closely at the feasibility of the project and how we would balance and craft the right economic structure.

The evaluation panel found that this proposal meets the RFP objectives and is responsive, and staff felt strongly that we can recommend a well-qualified, high-quality proposal to the Commission. We also took this proposal to the community, through the Northeast Waterfront Advisory Group. We received a substantial amount of public comment from lots of projections.

There's a lot of concerns and a lot of support for this project. The support comes from identifying the high quality of the design, the need for housing,

the need for parking to serve the waterfront, and the significant amount of public amenities and open space that are offered with it.

The concerns come in a couple of different perspectives. One of them is there is a strong voice that essentially wants the Tennis and Swim Club to remain as it is. Although that is not on Port property, by bringing 351 in with this bigger project it calls that question about change to the Tennis and Swim Club. There are folks who raised concerns about the height, the shadow, the massing, the bulk of the project. There's concerns about how we're going forward, what the process is, and the procedures used.

Late last week received a letter from Supervisor David Chiu, President of the Board of Supervisors, encouraging the Port to work with the Planning Department on a planning process that would be looking at both the Port seawall lot and the Tennis and Swim Club site and looking at the 3 acres and how could we best find a process that addresses community concerns, Port needs, and the developer needs for this site. That would be a way to find common ground. We'd be working with the Planning Department who is more in the process of approving, designing and working through residential land-use landside planning issues. It would also help address this challenge of both these sites, one Port controlled, one not. We see this as a focused, short process. Late last year, we reviewed the Waterfront Land Use Plan. One of the things we identified was, in the northeast waterfront, Broadway to North Point, the need for some additional planning. We had already been having this conversation about how do we refine or plan for parts of the Port. We see this as a way to be part of that. We also feel that having the full 3-acre site is important to be planned at once. It's also very important to have San Francisco Waterfront Partners at the table for this conversation on the planning process.

It's important to understand that the projects along these lots, along the Port as a whole, is what we need to do to achieve the Port's capital plan and our mission: How do we generate revenue using the assets we have and moving projects forward? We see this planning process, and it will help us move development forward. Staff is requesting the Commission to give staff the vehicle for the developer and the Port to engage in this planning process, which can lead to realizing a project on our sites and something they can achieve in both sides.

Ms. Diohep requested the Commission to award this development opportunity to San Francisco Waterfront Partners and to direct the Port Director to enter a exclusive negotiation agreement with the developer. That essentially is the framework for how we decide to come to a project or a realization and work through a set of processes. There would be other pieces along the way to look at other issues.

One of the key milestones would be coming back to the Commission with a term sheet, which would layout the business deal. That would come after we

refine what the development mass would be on the site. There's many processes along the way for the community to weigh in.

The direction to the planning process with the Planning Department involved kind of came late in the process of our preparation of the staff report. There's a couple of additions to the resolution that we want to add and will do so after John Rahaim's presentation.

John Rahaim, City Planning Department Executive Director, indicated that he was pleased to be able to support and partner with the Port on this project. It makes great sense for us to do this together in an effort with the community looking at this part of the waterfront. There is a plan in place for this part of the waterfront. The proposal before the Commission, which they have discussed with Port staff, is kind of a focus study that would take the existing plan to another level of detail. What they would propose is similar to what they've recently accomplished in an area known as the Upper Market area, roughly between Octavia Boulevard and Castro Street. In a very similar fashion, they proposed to look at the undeveloped sites along that corridor on the eastside of the Embarcadero or south side of the Embarcadero and the public realm; so, in fact, some of the issues that the Commission heard earlier.

It would look at design guidelines that would apply to the Port-owned sites along that stretch and what types of public realm improvements -- sidewalk, open-space improvements -- should occur along that corridor. This is what they like to call a focused planning process, a focus plan. They would do this in conjunction with the community, the Port, and others who would work with them at the table. It would be something that they believe could happen within six to eight months from the point at which they all agree that this is the right way to go, and they do the initial work to get this thing kicked off.

It is something that is a good model for them and other parts of the city as well. It's something that worked quite well. The community was very heavily engaged in the Upper Market work. The product was endorsed by the Planning Commission last October. In a nutshell, it's a kind of focused process that would look at the existing undeveloped sites and the public environment along that corridor and do a focused kind of design-related study for how those sites could develop under the discussions with the community and Port staff.

Commissioner Lazarus thanked Mr. Rahaim for his willingness to partner with the Port to undertake this project. She asked if he has an estimate, realizing they've only done one or two of these, about the startup phase. Since he talked about the process itself taking six to eight months, she asked if he knows how long it might take before that actually launches.

John Rahaim guessed that it would take two to four months to have an agreement on budget, on scope, on the exact sites, on kind of an analyzing --

setting up the community strategy, the public involvement strategy. That would take two to four months, depending on the level of details they want to get into. Once they all agree and they can kick it off, it would likely take six to eight months to do the actual process.

Commissioner Lazarus indicated that it would potentially take closer to a year.

John Rahaim replied that from this point forward, it would probably be towards the end of the year.

Kathleen Diohep indicated that there were a couple things she'd like to clarify. Staff is recommending to the Commission to authorize staff to enter into exclusive negotiation agreement with the developer and start a planning process. We're not recommending that we wait after that. Part of the reason is we want to condition the exclusive negotiation agreement with San Francisco Waterfront Partners that they would also need to be active in participating in this planning process. We see this as a way of bringing everyone to the table, bringing it into a new conversation using the Planning Department.

Ms. Diohep indicated that staff added the following second whereas clause in the resolution: "Whereas, the Port received a letter dated February 19, 2009 from Supervisor David Chiu urging the Port Commission to work with the Planning Department to lead a focused public planning process for the Port's surface parking lots north of Market Street; and to develop community consensus for a development program, and design for Seawall Lot 351, as well as other surface parking lots between Market Street and North Point Street."

Ms. Diohep indicated that staff added the following second resolved clause in the resolution: "Resolved, that the ENA include provisions that commit the Port and San Francisco Waterfront Partners II LLC to support and participate in a community planning process led by the San Francisco Planning Department, as recommended in the February 19, 2009 letter from Supervisor David Chiu, to develop community consensus for a development program and design for a project on SWL 351 and the adjoining site to be completed no later than October 27, 2009." Staff will be back at the October 27, 2009 Port Commission meeting; so that the sense we would back here and looking for feedback from the Planning Department by then.

Commissioner Hardeman asked how that conflicts with the one year that Mr. Rahaim just mentioned.

Kathleen Diohep replied we would have to do it faster.

Commissioner Hardeman indicated that it was his understanding that there are significant number of people that will be laid off at Planning. He asked if they will have adequate resources to get the job done in eight months.

John Rahaim replied that Commissioner Hardeman is correct in that there will be some staff impacts on the current budget crisis at the Planning Department. Frankly, that's one of the reasons why they need a couple of months to figure out how to staff this and move forward with it. The Upper Market that he mentioned did take about nine months of the actual work from the point that they agreed to the scope and the budget to the point where they completed the actual document. It was about a nine-month process. He thinks they can do this in a little shorter time. There are fewer sites.

Charles Dutkin indicated that what's essential to this project is the funding. The Port Commission had a list of priority questions and one was the funding. Staff mentioned that CalSTRS was going to fund it. He'd like to know how CalSTRS made that commitment. Is it in writing? CalSTRS has lost billions of dollars in the markets. It has lost on similar joint venture projects. Public funds are loathe to invest in one of these projects. This project is down the pike. He used to work at Cal & Associates that had them as a client. He does not think that CalSTRS made this commitment but if it did, we should ask that question and be sure, because without funding this project shouldn't go forward. He'd like to talk about the characterization of this as a club. He'd like to talk about the fiduciary duty that we have, particularly in the Port Commission's hands, that is, or stewardship, as it's been called, to make sure the entire Embarcadero is developed properly, like a Millennium Park or like a Central Park or like the Zurich street that was displayed, because if we continue to do one of these projects, then we'll have to hire consultants to come back in and do cleanup and collection work on improvements. It seems to him that it's a lot better a stitch in time saves nine. He thinks it's incumbent. He understands that we want jobs. He understands the Port wants revenue. But if the Port does a stitch in time, and if we have an overall Embarcadero plan, we'll have a magnet for people from all over the country. As we make our individual plans to go to Chicago and New York, they will make their plans to come here for Embarcadero, as properly developed. This is not a club. A club is like the Bohemian Club or the Olympic Club. We do not sit. We are not on boards of directors. It's not any more a club than a hair club for men or the baseball club. It's not a club. We pay less for a month's use of the club and he's been a member over 25 years. We pay less for a month's use than a family of four pays to go to the ballpark one day a month.

Benjamin Crosby Byers indicated that he is a resident of North Beach since 2001 and a member of FOGG. He registered his support for Supervisor Chiu's letter of February 19th recommending a six-to-eight month Planning Department review of San Francisco Waterfront Partner's proposal to develop and reduce by over 50 percent Seawall Lot 351 and the adjoining Golden Gateway Tennis and Swim Club properties. More to the point, it is his view and that of all residents, including families that he know or are acquainted with, that in the absence of a nearby, comparable, open facility that any degradation whatsoever of the Golden Gateway Tennis and Swim Club Facilities from the status quo is little more than a tasteless, greedy pursuit of profit that does nothing more than serve the financial interests of a very

narrow constituency and does so at the expense of substantively undermining the surrounding community's ability to enjoy its own open-space environment. In short, if it ain't broke, don't fix it. The Golden Gateway Tennis and Swim Club properties and facilities should not be diminished by even a percentage point.

Adrian Simi, from Local 22, indicated that unlike the previous speakers, he doesn't consider open space to be a blighted parking lot. What we need is Seawall Lot 351 to be pursued and built. What it will do is provide jobs for the construction industry. It would provide much needed tax base through building fees, construction fees, and property taxes. This project is a good all-around, a sensible thing to have. Some ladies talked earlier about the west side of the Embarcadero. This does help out the west side more than just a small path. He feels it's in the good interest, the right interest of San Francisco to go ahead with this development.

Michael Theriault, San Francisco Building and Construction Trades Council, indicated that this is a project whose virtues far outweigh its vices. The Port needs the money that the use of Seawall Lot 351 will bring, if you recall the presentation given earlier on Pier 31. That is necessary at this moment. Right now in the San Francisco Building and Construction Trades Council, they have thousands of workers out of work and that will not change in the next year, and that will not change much, if at all, in the year after, even if any of the stimulus money comes to San Francisco. Most of our work has always been from private sector work. That will continue to be the case even if stimulus money arrives here. He is sorry that the people in Golden Gateway, a few them in the lower floors, will lose their views. He is sorry that we will see a few tennis courts go away. However, there are tennis neighborhoods, and there are basketball neighborhoods. In the basketball neighborhoods, they are losing their homes. In the basketball neighborhoods, they are delaying visits to the doctor. In the basketball neighborhoods, they are telling their children they have to come home from college. In the basketball neighborhoods, they are seeing their families torn apart. They need work and this project will bring them work.

Commissioner Hardeman asked Mr. Theriault to introduce his counterpart to Port staff. Mr. Theriault introduced Meredith Skimp, who's been at the trades council for three weeks.

Lee Radner, FOGG, indicated for the record and for full disclosure, he was treated to a wonderful lunch of noodles in Walton Park by Commission President Rodney Fong. However, he was not able to change their minds and FOGG is still opposed to the Port's proposed offering exclusive negotiating rights to SF Waterfront Partners to Seawall Lot 351 and the Port's finally admitting that it coincides with the development of the three parcels known as 8 Washington and where the GGT & SC is located. This is the wrong plan at the wrong time. FOGG wholeheartedly support Supervisor David Chui's letter of February 19 to the Port Commissioners, and his positive plan to have a 6

to 8 month moratorium on further waterfront projects in the northeast corridor until the Port's waterfront plan is reviewed in depth, and with all concerned parties coming to the table. The Port must become cognizant of the negative impact the SFWP proposal will have on its neighbors if it goes ahead as offered. FOGG will support such a review and be pleased to participate. They make no apologies that their goals include reducing all height limits on the seawalls to 40 feet, maintaining the Public Trust as it is now affirmed, and most importantly, the continuation of the present open recreational space where it serve as a quality of life issue for the neighborhood and community where it is now located and kept in its entirety. Finally, they asked at the NEWAG meeting to reveal the total amount of present open recreational space and what under the proposed plan by SFWP will be left. They never received an answer. So for the record, the present open recreational space covers 82,800 square feet. The proposed plan will only leave 39,800 square feet, a reduction of almost 52%. This is unacceptable and will destroy this community oriented Club as we now know it. They can provide anyone who is interested with a handout that explains and shows the dramatic reduction in open recreational space. To the gentleman who was talking about basketball courts, he should talk to all the people that they help train, including Special Olympics, Make a Wish, seniors, and many other people who use this as a community gathering place.

Ernestine Weis agreed wholeheartedly with Lee Radner. He makes sense. David Chiu makes sense. The Port should make sense by postponing this until a review is made of the Waterfront Land-Use Plan, because the 84-foot height was applicable when the freeway was up. It is not now. If you want to ruin this for this Embarcadero, you go ahead with this proposal because that's what you're doing. This is just ridiculous, the most ugly proposal she's ever come across. She supported Pier 1 because it was correct but not this, not this location. This underground garage will not work either. Look at the experience. Go back and see what happened before, and you will be best advised as what to do now. You'll be guided by that. People don't want this. You're not listening to the people who live here. You originally said, "Oh, we want to get along with the neighbors and do what they want." You're not doing what the neighbors want, regardless of the people who come here and state that they think it should go ahead. Well, they don't live in this neighborhood, and I resent that. We live here. We know what we need. They do not have a clue. Yes, we need jobs. The Giants ballpark thing is a bigger venue than this project. That will bring the Port more money than they could ever realize from SWL 351. So give up this idea. Let the process go through. Go over the Waterfront Land Use Plan, because this is the most choice area in the city. Everybody loves the waterfront. The G.O. Park Bond brought millions of dollars to the Port, and everybody benefits, all the stores and so forth and the Ferry Building, etc. benefit from that park's events. I know what I'm talking about. I've been successful. You will ruin this whole waterfront if you do this because it'll set an example for other developers.

Joel Koppel, labor management representative for the San Francisco Electrical Industry, indicated that he speaks to the Commission on behalf of the 2,700 electricians in San Francisco. He's also a homeowner here in the city. This development will be an effective use of what is now a parking lot. We need work. That's no secret. Let us build this development in partnership with San Francisco Waterfront Partners who we have a good relationship with, and let us continue to invest again in our city and continue to build a beautiful city.

Sandy Bernhard, member of FOGG, indicated that she's ecstatic that there's going to be a real planning process; not the exercises that they've been treated to for the last few months. It is extremely important -- the second part of the resolution that she hasn't heard about until she got here. She indicated that having an exclusive negotiating agreement with one person is not responsible because we don't know what the fiscal constraints are going to be in a year. She finds it totally irresponsible to hand over something to anyone if we don't know the fiscal constraints. She's very sympathetic with the developer. She's also in some development projects where she's going to lose money and they are with CalSTRS. San Francisco and the Port cannot be renewed or spurred on for development until we engage politically with changing the California political and state budget process. She has tried over and over again to find someone who's interested in working on this. She hopes that the Port Commission will do this because it is incredibly important for all these people we heard about who need jobs. She sympathizes with them but this project should not be allowed to go ahead until we are sure of it. Nine years ago, she and her husband signed up to buy an apartment in the lovely low-rise red buildings on Broadway. As a professional planner, she trotted on down to the Planning Department and looked up the project. She found that a hotel is being proposed with parking and buses right outside her window so they didn't buy it. It's still an empty land.

Bill Benkavich indicated that he's been with the Friends of Golden Gateway for six years. He asked the Port Commission to support Supervisor David Chiu's position as indicated in his February 19, 2009 letter. For those who are not aware, FOGG's mission is to preserve the existing open recreational space in their neighborhood. They've started a new petition drive just like they did in 2003 when there was another developer who was defeated. If anyone here believes in what they are doing and would like to sign the petition, they may do so outside on the parking lot, on the sidewalk at the end of the hearing. They currently have over 1800 supporters. Based on the signatures they've gotten so far, by the time this new planning process gets going, they'll have 2500 people who support FOGG in retaining the existing open recreational space.

Simon Snellgrove, San Francisco Waterfront Partners, thanked the Commission, Executive Director and staff for considering their proposal. They hope that the Commission will once again give them the opportunity to partner with the Port in creating another great waterfront project. If they are

awarded the ENA, they are committed to working diligently with the Port and continue their work with the Planning Department and the community as they have done over the last three and a half years. In that time, they have held dozens of public meetings and have sought to find the best solutions for various stakeholders and members of the communities, many of whom have very different views of what they would like the open space and recreation area to be. As a result of these meetings, with both Planning and the community, they have minimized the built environment. Only 24% of the units allowable by the existing codes are proposed. They have created more public accessible open space as opposed to private club space; in fact, a greater area in size than all of Seawall Lot 351 itself. They have dedicated 51% of the land to recreation and public open space. They have reduced the proposed public parking lot from 350 to 250 cars. They have changed to a more modern design. They believe that the more eyes that there are upon their project, the more support they will generate and a greater project will result. Finally, they recognize there are certain individuals who are opposed to change in this area; but he reminded the Commission of the diverse city-wide and local support which have been demonstrated during the past year of public hearings. The Port has their commitment and they are committed to work with everyone who wants positive change; and they want to work with the neighborhood and they are committed to working with Port staff and with the City. He thanked the Commission for this opportunity and hopes that the Commission will decide to award them the ENA and he provided the Commission copies of letters of support.

Tim Colen, San Francisco Housing Action Coalition, indicated that when you get past all the heated rhetoric and the passion about the various benefits or detriments associated with one or another future uses of Lot 351, we're really left with a couple of simple questions that the Commissioners have to answer today. The first and most basic is should Lot 351 continue to be used as a surface parking lot or not. If the answer is yes, then God bless and we can move on to other issues. If the answer is no, then a second question is raised. That is, should Lot 351 be put into a use that brings the City and the Port a financial return that is commensurate with its value or not. We've heard positions expressed that development of this site might be acceptable but only if 40 foot height limitations are imposed at this location. We disagree and believe that this is a back door way of saying it should remain a surface parking lot, since projects with this limitation would be simply unfeasible. We've also heard some say that before action is taken, another study should be conducted of the Northwest waterfront. We strongly disagree and note that an excellent study has already been conducted of this area and the project is consistent with it. It took years of process to produce it. It received extensive community input. With deference to his friend John Rahaim, calling for another study at this point, a major study, might just be a way of kicking the can down the road and saying let's not decide now. Let's decide in a few years. We believe that the answer to what return the Port realizes on the value of Lot 351 lies in posing a final question. That is does the proposed use of Lot 351 benefit a narrow range of interests or the larger interests of the

people of San Francisco. It appears that when it is put to the use of greatest benefit, it is likeliest to produce the highest return. As Commissioners, you know better than anyone the state of the Port's crumbling infrastructure and the enormous costs you face to even begin addressing it. We believe that the only way that the Port can begin to determine whether it will realize an appropriate financial return on Lot 351 is to enter into exclusive negotiations with the developer. All else is speculation.

Commissioner Fong asked the audience to be a little bit respectful and keep commentary down to be fair to everyone.

Jonathan Middlebrook, owns a condo in the Golden Gate Commons. I'm a member of a prominent community organization which I won't name because I'm speaking for myself and I don't want any confusion on that point. I prepared for my remarks this afternoon last night in considerably grumpier spirit than I find myself in now, because last night I was thinking oh, boy, here we go again -- the same old dog and pony show when Seawall Lot 351 comes in one form or another before this body. We're all weary of that show by now. The parking lots are an abomination says one side. Another side says the Tennis Club is a version of Heaven on earth and we get nowhere. This morning I looked at Supervisor Chu's proposal to bring all stakeholders to the table to solve the problems posed by the wretched and nighttime dangerous parking lots. They are dangerous at night. I walk my dog there. There's the dog. That's the critter I always mention when I speak to you. Currently we're at impasse. FOGG fiercely and I will say ably defends its private club. The Port asserts its rights. One developer, a quality developer I might add, presents plans and we still get nowhere. Apparently each of us can stymie the other. With Supervisor Chu's proposal and approach, for the first time I hope, maybe it's in the air, maybe it's blowing out of Washington or whatever -- but it seems to me that there is a chance now with a slightly different perspective on things and a proposal that we can actually get beyond the impasse. So I urge you to work through his proposal for a responsible mixed use development of the northeast parking lots. No one will get everything she wants, but each of us will get quite a bit of what we want. Public open space we want. A private health club we want. Mixed use development and we also want hard hat union scale jobs. I wish us all good luck..

Nan Roth, I appear here today as both a neighborhood resident and a tennis playing member of the Golden Gateway Tennis and Swimming Club. I would like to address both the business and moral aspects of the proposal before you today. Partnering with Mr. Snellgrove is a bad business decision. This agreement will tie up Seawall Lot 351 for the foreseeable future with the outlook for a successful outcome very dim. If an opportunity to use Seawall Lot 351 in a more economically as well as socially responsible manner presents itself, your hands are tied. This is not the Heinz Corporation. It is a one man with a widely unpopular proposal. It is going to be fought at every point in the permitting process. Scarce Port resources will require an ongoing

negotiations for a decade or longer during a period of growing budget stress. A successful outcome relies on financial support from the investment community during an extraordinarily deep and extended recession. If the time comes when you have second thoughts about this partnership, how do you protect your interests from a legal perspective without getting drawn into a long and costly litigation? This is not Warren Buffet. The odds of failure are very high. Equally important are the moral implications of partnering in this project. No one in this room is not impacted by the current collapse in our economy. The pain has spread to every segment of our society. Conspicuous consumption of the sort proposed by Mr. Snellgrove is viewed by many as insensitive and inappropriate for these times. People question the appropriateness of the role that CalSTRS plays in this and whether it is a prudent use of public monies, particularly in view of the recession's impact on retirement assets. The same thing might be said of the Port's involvement, particularly when the Port may be competing for aid to meet its own financial shortfalls. Involvement in 8 Washington does not qualify as an example of prudent and public benefiting management of scarce financial resources. I know of no commission that is as silent and uncommunicative as the Port Commission, yet I am forever optimistic. Might this be the day that common sense and fiscal and moral responsibility prevails?

Paul Nixon, with Bay Access, the human-powered boat group, as someone who's interested in human-powered boats on the Bay I've had the opportunity to work with a lot of developers, with the Port, with Park and Rec and several different people. I worked with Catellus and now we've had a successful launch in Mission Creek. I negotiated with Piers 27/31, the Mills Corporation. Presently I've been negotiating with Pacific Waterfront Associates. When you negotiate with all these people for some very simple things, you find out a lot about the people that you're negotiating with; and I can say that I sort of hear here in the background some dissatisfaction from the Piers 27/31 episode which I sort of share myself. I don't think we were ever treated honestly in that whole process. Pacific Waterfront's Associates has been very fair in all their dealings that I've had with them and that they are very honest and open. So I really don't have anything to say about the development because I really don't understand it that well and it's not on the water which is my expertise. I do want to recommend the developer to you and I hope that that will work out pretty well. Many years ago I was on community boards. Maybe you'll need to go there before you finish this process.

Ellen Johnck, Executive Director of the Bay Planning Coalition, indicated that they represent approximately 175 maritime industry based companies and related enterprise around the Bay and Delta. We believe very strongly that the Port of San Francisco and our other ports in the Bay -- their financial health is vital to the economic prosperity and environmental vitality of each local community. We've looked at this proposal as we have looked at other proposals around the Bay and think it will be a wonderful asset to the City and will strengthen the Port's economic base. We're concerned about the recommendation on this planning study. Bay Planning Coalition is for

planning, of course, but there comes a time when we need to move on. I've been a resident home owner in San Francisco for 45 years. This section of the waterfront has seen a lot of planning and it's really quite different from the rest of the waterfront. If anything we recommend that you shorten this time period. I think it's important to get moving on this project. You've got to act today. There's no question about that. I think you should definitely work with this project sponsor, Pacific Waterfront. That would be our recommendation as well, but please consider shortening this time period. I just don't really see the value in having a lengthy planning process. I think the overall planning process for the balance of the waterfront, certainly that's important, but this is separate and different.

Diana Taylor provided the Commission a copy of a letter from Bill Sauro, President of the Barbary Coast Neighborhood Association. Diana Taylor represents the Barbary Coast Neighborhood Association and we represent more than 5,000 residents and businesses in the Northeast Waterfront; and we are fully in support of Board of Supervisor's President, David Chu's proposal calling for a focused public planning process for the Port's surface parking lots north of Market Street. We're especially in support of this planning process because the Waterfront Land Use Plan really did not address these Seawall lots adequately. It was really only a skeleton plan if you look at that section. President Chu's study with all stakeholders as participants can really lead to realistic development requirements that will maintain both the quality and the mixed use pedestrian-friendly character of our waterfront neighborhoods. But while we have high hopes for President Chu's proposal, we also want to take this opportunity to make clear two of our reservations about the current 8 Washington proposal. We are not opposed to development. We want to make that clear. But we do want to see reconsideration of the size mass and height. We believe that the current proposal is contrary to the San Francisco General Plan, the Waterfront Land Use Plan and neighborhood interests. And second, the haste to decide immediately about a project that will shape the Northeast Waterfront well beyond the lifetime of today's participants is not necessary. So we've been on record for a long time supporting a coordinated planning process across all potential development areas north of Sue Bierman Park. So we really welcome this.

Paul Renne speaking only on behalf of myself and no organization, but as a long time San Francisco resident. At present we live in Golden Gateway Commons in one of the townhouses. When I looked at the plans, the thing that strikes me is the 84 or 85 height limit -- 85 foot height limit -- is that one of the things that San Francisco has fought in keeping the buildings on the waterfront low. I agree with David Chu's suggestion that there should be an overall plan. I would respectfully submit that if you do it, you're going to come up with a 40 foot height limit. It seems to me it is a little bit backwards to say we're going to give exclusive rights to negotiate at the same time we say we support doing some overall planning because we are then going to be confronted with the developer saying, "Hey, you committed to us that we

could go forward and now you're trying to make us have to cut it down." I think back so long before any of you will remember when Bill Roth took one look at the Fontana Towers at the foot of Van Ness and saw what was going to happen to the Miami Beach of San Francisco if they didn't do something about stopping high rises on the waterfront. I have no opposition to whatever development they want to do as long as we protect the open space and we protect the height limits along the Embarcadero.

John Rocha, business representative with Iron Workers Local 377 and along with my brothers and sisters, speaks on behalf of the San Francisco Waterfront Partners Development and jobs for our members. We have roughly about 178 members out of work in our San Francisco Union Hall and the various different building trades, locals that have various members that are out of work also. That's not my only reason for being up here. We just elected a new President here last fall and I think President Obama and the rest of the people in the country are asking for change and that's what we're doing. I want to express that I think the people need change and that's what we're doing. that's why I'm speaking on behalf of our members of the local 377. We want the work now.

Wells Whitney, Renew SF which is a neighborhood association involved with North Beach, the northeast sector, and the waterfront. We've reviewed the plan in the past and we have made a lot of comments on it. It's good, but not perfect. I think that this is a reasonable sort of compromise to go into a planning process with the developer who I have had very good negotiations with so I wish to recommend that you pass the resolution and we get on with the process; and we would like to take part in that process.

Cesar Garibay, represents ILWU and spoke in favor of this project.

Vedica Puri, past president of the Telegraph Hill Dwellers. We represent 800 residents in and around the waterfront area. This project and this item is of great interest to all of our members. This issue is bigger than the Golden Gateway. Bless their souls for being here. It's bigger than just Mr. Snellgrove. It's bigger than 8 Washington or tennis courts or basketball courts or soccer fields. It's about the waterfront. It's about how to develop the waterfront in a cohesive manner. In June of 2008 the Telegraph Hill Dwellers sent a letter about Seawall Lot 351 to the Port Commission beseeching it to conduct a comprehensive planning process before moving forward. That was eight months ago. So here we sit. We have an excellent letter from Supervisor Chu that I think everybody is taking very seriously and I'm hearing from Planning and Port Staff that they are going to move forward and act on that letter; but at the same time move forward on 351. The reason that's not a good idea is because we're putting the cart before the horse again; and we need a plan before we can move forward with any sort of development of the Seawall lots. The Waterfront Land Use Plan is outdated. It's old. It doesn't address the Seawall lots and we have to have a plan before we can move forward. There was a basic question that was asked by a very articulate gentleman. He said

the question for you is should the Seawall lot be a parking lot. How are we going to know what the Seawall lot should be without a plan that helps us answer that question? I heard a lot about jobs. The economy is obviously in the tank right now. It is affecting each and every one of us. No one is anti job creation; but if we have a proper comprehensive plan it will attract the development that will not be stopped at every turn by the neighborhood and the jobs will be created as a result.

James Manly, born and raised in San Francisco and an iron worker. I would like this project to go on because as everyone knows this man has a good plan. The plan is to put people to work. I need to go to work as a lot of people in this town need to go to work.

Chris Snyder, Operating Engineers Local 3. We represent construction workers throughout Northern California; and in San Francisco we have about 1300 members that live or work here. We also represent other people in the city. We represent members at the Port itself, at Rec and Park and at the Department of Public Works and sergeants at General Hospital do security. We've got a lot of workers that work in the public sector as well as in the private construction sector. I'm here to speak on behalf of the project. I think it would do two things in the short term. It would create jobs for our construction workers and in the long term I think it'll fill the city coffers with the increased revenues that'll come in which will put the city on a better financial footing. We do about 20% out of work in the construction industry. In our local we do a lot of the early dirt work and stuff like that, so we're usually a forecaster and we've got about 35% out of work; because if we're not digging the earthworks the electricians aren't coming in to put in the wires and the carpenters aren't there to put in the buildings. Right now our guys are a lot higher than the other crafts and that's not good. A project like this could help turn things around for us.

Tom Radulovich, Executive Director of Livable City. I'm here to urge you to actually approve what's in front of you and enter into an agreement with San Francisco Waterfront Partners. They're actually a good developer. We really like what they've done with Piers 1, 3 and 5, and we think that they'll deliver a good product. However, we also hope that you will not say okay the choice is elect the contract or continue planning. We think that you can do those two things concurrently. We urge you to do those two things concurrently. There are a terrific number of public benefits that can be gained from this project. There'll be money that will flow to the Port that will be lease revenue; and that money will support all the restoration of buildings like the one that we're in all up and down the waterfront. There's also opportunity to really heal the city, connect the city to the waterfront. We'd actually like to see the Seawall lots not be parking lots, but actually be buildings so that the city comes right up to the waterfront. We'd like to see less development on this side of the water. If we can get more on the Seawall lots relatively speaking then we can do less on things like Piers 27/31 which we think we're overbuilt. There is a lot of waterfront open space that can be reclaimed that's currently in streets. I love

the idea of bringing Jackson Street through, by the way, so all of your paper streets north of Broadway, Green and all those other ones need to come through. Those need to become open spaces, remain view corridors. Drumm Street is too wide. There are four lanes. It doesn't need to be four lanes. It could be two lanes -- same thing with that last block of Washington. Those could be added to the parks around and so on. So what we urge you to do is ask this developer to put some money forward so there can be a real community-based planning process around the public spaces. We think we've got a lot of this right now. Certainly bringing Jackson Street through is a good thing. The freeway's gone; the freeway that used to land on those public open spaces. They're really kind of ill-used. They're poorly designed. The streets are too wide. There's a lot that could be done. The developer's contribution could go a long way. You could leverage other funds. I work in transportation all day long. If you have a local match, you can get a lot more money. We can bring a lot of public benefits. We'd also urge you to throttle back the parking. About 15 million I think would go into building parking. You don't need it. 600 spaces in Embarcadero 4 -- there are 1,000 spaces in Maritime Plaza. We don't need more subsurface parking. We do need better public spaces.

Toby Levine, first of all, the last time we were all together a few weeks ago, when this project was first revealed to all of you I said that I thought it was a vastly improved project and that it was really quite good looking. I still feel that today, but now we have a new opportunity presented to us by the Director of Planning and the Supervisor Chiu and I think this is an enormous opportunity to try to take advantage of in the quickest and most sensible manner possible because the west side of the Embarcadero is certainly no act of beauty. It is really quite ugly with a few nice spots here and there. A planning process that works on improving the environment on the west side and looking at opportunities to develop things that people need housing, open space, a nice landscape, would be a good thing to do. I'm kind of in agreement with the previous speaker that marrying the two possibilities is a very good idea. I think that some distinct time requirements should be put on it because my experience has been that these things do kind of move out and take much longer than perhaps is necessary. I also think that it's really important for all of us to remember that this waterfront does, in a certain sense, belongs to the Port, but it also belongs to the people and we want to bring the people and the Port together and have a place of beauty.

Tony Rodriguez, a business agent for Local 483, born and raised in San Francisco. I raised my family here and I still reside here. Like everybody here, I really care deeply about what happens with our City. That's why it's important when projects like this happen that they have a positive impact on the City. I feel that this is such a project that it would have a positive impact on the growth and the future of San Francisco, add to this our economic situation. In our Union right now we have about a 12% unemployment rate. Some of our members are here right now that haven't worked in months. A project like this has the potential of providing work for people who are out of work and have been out of work for some time. A project of this size, by the

conversation here, they don't always tend to be completely agreed on by everyone, but usually the common good for the City prevails and I feel that this project would provide revenue for the City, jobs for the unemployed and a beautiful project that would be here for the future of our City. I keep hearing about -- because I've been here before too -- and it seems that all the planning and all the looking ahead to the future has been done and now people are asking to delay this further. I can give you the example of what's happened with our State Government or what happens when you just keep stringing things out and then they'll get taken care of. Right now I think you do have a parking lot that's just sitting there. Then you have a project -- people who are willing to build a project that the City would benefit from and people that could work on it could benefit from.

Frederick Allardyce, speaking by myself, for myself and I am the past president of the Barbary Coast Neighborhood Association, all kinds of homeowners associations and whatever. The big incongruity about this is not that we aren't out of work. I'm a real estate broker. 90% of realtors are not working. 95% of mortgage brokers are not working. Almost half the architects in the country aren't working. Nobody's working. Now get real. I can't pay the rent. You can't buy a burger. It's all real. We're all in the same stew. The more important issue here is that if I went to Simon and said I'm going to give you a better deal. I could give him 20 projects in this town that have stopped -- zero -- and they have their permits. They have already got approved by the Planning Department. They're already approved by the supervisors. They just said give me the money and we'll start building it. So there's a giant incongruity to believe that the blessedness of our planning process will give him the right to do this and it'll actually happen. The other controversial part is he's taking away the little bit of recreation this neighborhood has enjoyed for forty years. There's 3,000 people that use that. You'll see all their commitments. There's lots of places to build condominium projects that don't take away the local recreation. There isn't one person here employed or unemployed who would say I don't like the park my kids go and play in, so let's tear it down and build an eight story building there. Not one person would do that. So I beg of you guys, let's all get a job. We hope our President turns it around and makes it happen. We're begging for it to happen but to take away the little bit of recreation this community enjoys and has for their entire career since they've been here is a real shame.

Jim Chappel, representing the San Francisco Planning and Urban Research Association, a nonprofit membership organization of 3500 families. I'm also representing Anne Halsted who could not be here this afternoon, a former member of this Commission, Vice Chairman of BCDC, a resident of Telegraph Hill and someone who's been working on the waterfront for decades. Today this site is a blight on our beautiful Embarcadero Boulevard. The parking lot is unworthy of the waterfront and so is the current tennis club. Today San Francisco and the world is in dire economic straits. San Francisco must grow its tax base in order to afford the public services we all want and need and the Port must generate more revenue simply to survive. While at

this moment there is no mortgage money, a huge pent up demand for housing is building up. The housing shortage that we have had for years will come back with an even greater vengeance at the end of this recession. Please authorize exclusive negotiations with San Francisco Waterfront Partners now. They are a developer with an excellent track record, an excellent architect, an excellent design and the will to get it done. I'd also like to warn the Planning Department, the Waterfront Plan was supposed to take seven months and it took seven years; and while we as planners support the idea of planning, we all must be careful not to let planning be used as an excuse for inaction or stasis. There are those who would misuse planning to stop all change and I know Mr. Rahaim also believes in planning and knows that his department is the Planning Department and not the pickling department. I would ask this Commission to set an aggressive schedule and be sure to hold to it. Seawall Lot 351 belongs to all San Franciscans, not a few people who oppose all change. The vast majority of San Franciscans will support this project.

Ray Hehman, a resident of the Golden Gateway Commons, also on the board of Golden Gateway Commons. I'd just like to make two points. I've heard a lot today about what the benefits of 8 Washington are. Apparently the City gets tax revenue, a lot of the unions get jobs, but I'm at a loss to understand what the Port gets out of it. Right now I know you get income from the parking, but I don't know what you get out of 8 Washington after it's built. It would help maybe the members of the community to understand what is the financial arrangement, not in exact terms, but where does the Port benefit long term from giving away Seawall Lot 351. If you can at some point elucidate it that would be great, but I don't understand how you're getting any long term benefit. I know as long as it's a parking lot you're going to get revenue from the operator. The second thing is it seems like a very biased planning process to have a developer involved; and I'm not sure how that planning process can be open minded and objective when somebody with a very strong vested interest in a certain type of development is a key player in that planning process. How can it be objective and open minded?

Andy Katz, co-chair of the Telegraph Hill Dwellers Waterfront Committee. I'm here to support Supervisor David Chu's letter and his call for a comprehensive plan for the northeast waterfront. This should be done first rather than more spot planning on our precious waterfront.

Phil Farrelly, native San Franciscan as well as a San Francisco resident. By way of information, I'm also the president of Electrical Workers Local 6. I just want, in making your decision, please consider that there's a lot of nimbeism I've seen in my years in the City and delaying for its own sake is a tactic that I've seen time and time again. So please consider that when you're making your decision here. We have a crumbling infrastructure that's on our seawall. If we shore it up that helps all the City residents. If we protect and build well-planned projects, that will help all the City residents, so please consider the whole City, the health of the City, the health of the Port, financially and

aesthetically as I think due diligence has already been done. I encourage you to, without delay, continue on with the project.

Terrence Dunnigan, business representative for the Iron Workers Local 377 of San Francisco. I come before you today to ask you to move forward with the San Francisco Waterfront Partners proposal. As I sit and listen to various speakers I hear the same theme. We want new projects developed as long as it doesn't impact my view or my way of life. The question at hand is will this development provide housing, provide parking, provide revenue, provide open space and enhance the Embarcadero, the Port and the City? My opinion is it will.

Dan Torres, native San Franciscan. I'm a homeowner here in San Francisco. I've been afforded that right because I'm a union member. I serve on the executive board of Local 483. I think this project needs to go through. There are a lot of people out of work and I can understand the residents in Golden Gate Commons, how they feel about that, but can you imagine people that are on Nob Hill that didn't want the high rises to go up, that wouldn't make San Francisco what it is today. I think this project needs to go through.

Betty McGovern, I really didn't intend to do this, but I'm here because I'm a tenant in the Golden Gateway. I've been there 36 years. My apartment and I will not be affected by this building going up, the 8 Washington project. Therefore, you may wonder why I'm here; but I go across to the pool because I need the exercise. When I go there I see other people who are in the water - older people -- exercising evening after evening, sometimes late at night, sometimes early in the morning; and sometimes they go and there are children there and they are having swimming lessons. These children don't come from the Golden Gateway. These children come from all over San Francisco. Their parents come down here and bring them so that they can have these lessons. These things are needed. Now on my building, which is the last large building, it's 440 Davis Court, and it overlooks the pool and the tennis courts; and sometimes I think shall I go down or shall I not go down. So I toddle down the hall, open the door and look out. There's a little place and I can look out and I can see the pool and see how many people are down there. Is it too crowded or what because I don't like to get in people's way. So that's a nice thing. I suppose that will be gone. The other thing is, the people who live in those last buildings on Drumm Street who now have a view of the waterfront which is becoming more beautiful all the time, they're not going to have that. They're going to stare right smack into a concrete wall eight or ten stories up, however high this gentleman, wherever he is, wants to build. I don't think he has once considered the families and people who live in those apartments along Drumm Street. I think a little thought into the human side of the people who are in this area would be nice.

Sue Hestor, attorney for FOGG. I would like to really thank Paul Renne for his comments which I thought were really on target; and I want to expand on them. Go back and look at the letter from Supervisor Chiu. He didn't say

simultaneously start processing this project and do a planning. He said do it first and then he called out some projects that had a large amount of community support in the northern waterfront. If you grant exclusive negotiations today, what you are saying is Pacific Waterfront Partners will have their thumb on the scale during the entire planning process particularly if you would get them to fund it; which I think is a terrible idea. A real planning study should have some independents and Mr. Snellgrove and his team will be there no matter what's going on; and that's fine. The rest of us will be as well. The four towers in Golden Gateway Center which are redevelopment property are rental housing. They are not full of people who have enormous incomes. They're actually full of retirees -- a lot of them. What we are going to build there and what we're proposing is housing units that will be three to five million dollars condos; which is not housing that is in a shortage in San Francisco. Look at all of the vacant towers that the redevelopment agency, the planning department on Rincon Hill, and others have approved that are under construction or are frozen because they can't get financing. It is really kind of inconsistent with CalSTRS to be funding out of retirees money; and I don't know teachers that make any income that could afford to live in those condos. The CalSTRS will be taking the retirement money for just regular teaching level teachers to fund extraordinarily high housing; and if that extraordinarily high housing doesn't have a demand for it, it will remain vacant for a while. I would remind you this is not just Seawall 351 that you're looking at. You are looking at Seawall Lot 351 and a space that's four times that size that was the recreation facilities for that rental housing and that's what's before you today.

Manny Flores, Carpenters Local 22. I'm just a little concerned about prolonging this for further studies. I recommend that this board go in negotiations with San Francisco Water Partners. It's not a done deal tonight. It's a long process and work with them diligently and I know they can work with the community because I'm really afraid that we could lose this. That's why again I'm a little concerned. I ask for and encourage your support to enter into negotiations.

Dick Glumac, I'm here for the third time and hopefully for the last. After you've heard so many opinions and advice from various to-be architects and planners, etc. I think the time has come to act. You should make your decision as soon as possible. I fully support the project by Pacific Waterfront Partners. So go do it.

Ms. Diohep indicated that there were just very few things to clarify. I just wanted to identify that one of the things we were requiring before execution of the ENA is reconfirmation of the CalSTRS commitment. There was a question up front about whether we had verified that; and we have verified that and we have asked for that and we received a letter from CalSTRS.

Ms. Diohep acknowledged that our Northeast Waterfront group discussed this on February 4, 2009 and asked to meet again and discuss the issues and

reactions and ideas to the planning process; and that meeting will take place on March 4, 2009. I encourage people to come. That's a different setting. It isn't a three minutes, two minutes -- it's a chance to give your comments and your reactions. I acknowledge that we have a good number of folks in the room who serve on that committee and thank them for their involvement.

Commissioner Hardeman, first of all I am here sitting representing labor. That doesn't mean when labor wants something they get something. It just means that labor has a vote on this Commission based on considering the well-being of labor; and I have never in my lifetime seen labor not doing well. So if that could be any primary consideration, I liked this project before. The country got collapsed by thieves and corruption. This project I thought was good a year ago when everybody still was working. I can make a bunch of comments on a whole bunch of things. One is the teachers -- why don't they just put their money somewhere else? I'm a trustee on two pension funds. We have to diversify our money to the hilt. Some of us -- in my trust we have 4 to 6 hundred different investments and you're required to do that because labor falls under extremely strict guidelines. If the rest of the country fell under the same guidelines of this they wouldn't have lost all their money. That's why the teachers want this project. Diversify and basically you really have no choice. I live in a neighborhood over in West Portal and our neighborhood is 94127. We have the longest property owners living in a zip code in San Francisco. Fifty yards from my house there was a project -- there is a project going on and it's almost done -- building seven new houses that were 40% higher and larger than the typical neighborhood house and everybody in the neighborhood complained. We live in the City. 95% of the people in the neighborhood were against that project, but the City had a zoning requirement. This is the property of the City. The City owns this property. The tenants that live on this side that work and make their living on this side of the street are employed by either the State of California or City of San Francisco. That's how they have their jobs. They need the parking across the street. In order for us to do Pier 1/2 next door, the new ferry terminal, we're required to have very nearby parking; and we'd almost be required to have it where we're proposing to put it. At least one of the speakers here condemned this Commission because we don't know what we're doing. The freeway came down and there's 84 feet and what the heck is wrong with you? Basically many of the speakers want to reduce all the height limits between the Ferry building and Pier 39 to 40 feet. Well a couple of these same speakers I watched speak at the Planning Commission to support the 110 Embarcadero which is equal distance away from 8 Washington -- 110 Embarcadero to go 40 feet over the 84 foot height limit. So you talk out of both sides of your mouth. If you're going to support something with equal distance away from the same project and then condemn us for being ignorant, we know that the freeway came down and it's not 84 feet anymore. You ought to watch TV and see what you said before. I'm against Supervisor Chiu's proposal, but we have to go with it because it's just going to be part of the deal to move this along. The other thing about Snellgrove's operation doing shoddy work and not being a very good operation -- look at Pier 1 1/2, 3 and 5. That's a fantastic

award-winning project. He stuck with it and it's fantastic. We walk along that promenade and it's wonderful. I think SPUR has done a fantastic job all around this City. The Planning Commission -- if you look all over this town except for this one supervisorial district, you'll see fantastic growth, economic good for the City. People drive into town and they're just elated by the way it looks. There are 60-story buildings next to the Bay Bridge and what's happening here is fantastic. Yet the Port tries to make five million across the street instead of 600,000 over the next ten years and we're told there's something wrong with us. We don't know what we're doing. The other thing you should never have told me -- we keep silent -- because you've got me talking now. I got plenty to say. On that corner where they built these seven new houses that are almost completed, the neighborhood lost their on street parking. We lost Ardenwood. That was all big open space park. My sons who are 27 and 28 years old grew up playing in that park forever. That park is gone now because it's going to be used for these houses. That's the way it is. There's no other open space close by my neighborhood. But you know what? We live in a big city and we chose to live here and part of it is things change, things progress. We're progressing and we need to do something with that piece of property. I support this project. I don't support David Chiu's.

Commissioner Lazarus supports the resolution as it's drafted. I'm pleased that we will be engaging in a planning process. There was reference by a speaker earlier today to having contemplated buying an apartment but didn't do so because there was going to be a hotel built; and the reason that the hotel wasn't built was that despite a recommendation of the Planning Department for a particular height limit, a group was determined to impose a different height limit. So I hope that we will adhere to the guidance that we received from the Planning Department and we will respect the outcomes of that process. I expect that there will be compromises involved, that there will be tradeoffs involved, because I think one of the tradeoffs we're looking at is to maintain the open space that exists now in exchange for rotting piers across the street. There have been some disconnects that have taken place over the course of the agenda today. Our executive director opened it up talking about Pier 31 and it being red-tagged and there being no money in our budget to fix it. On our consent calendar was an approval of an update of a ten year capital plan with a two billion dollar price tag of which two thirds or more is unfunded. We have an obligation to look at options that are presented to us that when put together give us an array of ways to save the waterfront. I feel an obligation to look at a good project. I am willing to listen to ways that we can change it, amend it, and make it work. But I'm not willing to make the tradeoffs that are going to result in those piers falling in the water. Another reason that I support this and believe that it's appropriate to go ahead with an ENA is since I've been on this Commission I have seen a number of ENA's that were entered into in the Northern Waterfront not come to fruition. I think we all know that entering into a process doesn't necessarily mean that we will all get the product that we want at the other end. So I think the time has come and I hope that everybody here collectively realizes that this is not about 8 Washington. This is not about Seawall Lot 351. This is about a way of trying

to get at how we are going to preserve and enhance the waterfront and not be sitting here in ten years and looking at the rotting Pier 31 and potentially a lot of other piers along the waterfront.

Commissioner Brandon agrees with fellow Commissioners Lazarus and Hardeman. One of the hardest jobs of being a Commissioner is not being able to please everyone all the time. It could be something as simple as the design standards for the Embarcadero or Seawall Lot 351. Someone's not going to be happy. I think that we've come to a good compromise that we're going to do the planning process and look forward. I want to thank Director Rahaim for taking this one with us as a partner; and I look forward to working with the Planning Commission, the developer and Port staff to see what type of resolution that we come to and I hope that there will be compromises and that we can move forward in some way.

Commissioner Fong thanked everyone for all of their comments. I think we all intently listened to everyone's comments and appreciate that. One item that wasn't mentioned in our current events of the economy is tourism and how San Francisco that's what pays the bills. That's what keeps the lights on here in San Francisco. If you look at the Ferry building in this particular area, while all of the neighbors here use it, it is largely filled with visitors to San Francisco. I think further enhancement and development of the entire waterfront, not just this project that Commissioner Lazarus is referring to, will help sustain tourism in the future and that's really making an investment into San Francisco's future. It's pretty simple for me to forecast where my position is going to be. I took an oath in this seat to make good judgment for the Port of San Francisco and the City and County of San Francisco while taking and hearing neighborhood concern is very important, I still have to look at the overall impact to the City and how a project like this fits into the fabric of the City. I am in support of Supervisor Chiu's letter. I am very much in support and looking forward to working with the Planning Department and Director Rahaim on this. I'm hopeful that we all can find some middle ground here, some consensus. It's going to take some give and take on both ends. That's clear. I hope that we can do that and San Francisco as a whole benefits in the future.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 09-12 was approved.

12. NEW BUSINESS / AGENDA SETTING

Executive Director Monique Moyer indicated that we have a set of three items related to rail that are scheduled for the March 10, 2009 meeting. The rail update is pretty critical for a number of reasons, not the least of which is some conversations that are ongoing with Union Pacific and Caltrain. We would like to move those items to March 24, 2009 meeting so that all of the Commissioners could be here. We will be seeking your permission to assure requests for proposals for most of

our surface parking lots north of Market Street and that is a request for operator contract for the current surface parking lots. It's a request for a surface parking lot operator not a request for anything other than parking. It's time for us to renew those contracts. We do not have a scheduled meeting on April 14 which is the week of Easter. We will only have one meeting – April 28.

Sue Hestor indicated that the Port has these lovely screens, but are the meetings taped and if they are could they please be put on the Internet? This is the only major Commission that doesn't broadcast on SFGTOV and you do really serious business here; and it should be available to the public. We shouldn't have to attend every minute of these meetings and taking imperfect notes as I do, to find out what happened. I'm asking if you have this broadcast capability in this room, maybe this gentleman can help you figure out how to tape the meetings and get them on SFGTV.

13. PUBLIC COMMENT

Ernestine Weiss made further comments on 110 Embarcadero in response to Commissioner Hardeman because you don't understand what happened there. The reason they did the 110 foot exception was that part of the waterfront was already built up and the Y is just as tall as the 110 Embarcadero. That's why it went through. This part, the northeastern part, we can have an opportunity now to make better than that part. We built up a condo that's the ugliest thing on the waterfront and you let that go. Why are you worried about this northeast part? We should be concentrating on making this the most beautiful part because this is the most terrific section of the waterfront. It's the most in demand by tourists. It's the most in demand by everyone. Furthermore, we don't need a condo. It's not affordable, so we can't count this as housing. You can't live there. You can't live there, nor you or you -- maybe you can because you have money. But none of us qualify for that kind of housing. Furthermore there's 5,000 units in Rincon Hill and so forth, so it's superfluous to have another condo on my block. I live there. I know all the circumstances. This is our opportunity to protect the rest of the waterfront. We can do anything about what went before. That's obvious. Except you made a big mistake with that condo that has a square base that's ugly. Let's not do it on this part of the waterfront. This is the most fabulous real estate in this city. I know because I developed the park here and that was the most beautiful thing I could do and it's going to be even better because it wasn't ADA accessible. We have two million dollars. As far as the City, they can't afford to fix the piers and they know this because we don't get money from the general fund. You should be concentrating on changing that so your piers won't sink into the Bay.

Charles Stanton, I don't come to public meetings although I have served at a board out of Stinson Beach. I was on the Water Board for years and years, but I was very, very distressed at the presentation -- your presentation and the failure to answer a direct question on something that I didn't testify to but you did. You said that the finances were a number one critical item; so you wanted to investigate where the money was coming from. And you said it's coming from CalSTRS. Well I think it's a misrepresentation. That's what I'm going to just say is my gut feeling,

because after that all you said was that you asked for a letter. Then you said, after I asked, again -- well, yes, I received the letter. Investors do not commit hard cash at this stage of a project, particularly a project that's going to have to go through I guess some other thing. Now I guess it could be a conditional letter, but I think the public deserves, and the Commissioners deserve, if they're going to have public servants drawing pay, they deserve to get an answer to that question. I'm surprised that the Commissioners don't raise this in public too. Exactly what did the letter say? What is the nature of the commitment? How is it that we can go forward and make this a plan based on some representation that we wrote a letter? That's not fulfilling a fiduciary duty at all. The second thing is we've got the Beach Chalet as an anchor to this lovely project. The Beach Chalet gets a YELP rating of three out of five today on an average of 575 responses. It prepares garlic fries, fried calamari, and is now featuring fried brie.

14. COMMUNICATIONS

15. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor.

Commission President Fong adjourned the meeting at 6:15 p.m.

The first part of the paper discusses the importance of the study of the history of the United States. It is argued that a knowledge of the past is essential for a full understanding of the present. The author then goes on to discuss the various factors which have shaped the development of the United States, including the influence of the British, the Spanish, and the French. The author also discusses the role of the American people in the development of the country, and the importance of the American Revolution. The paper concludes by discussing the future of the United States, and the role of the American people in shaping that future.

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